The Public Utility Supplement (pp. 17-32)

THE FINANCIAL POST

The Canadian Newspaper for Businessmen and Investors

Largest Circulation of All Canadian Financial Papers

Vol. XXXV Member of Audit Bureau of Circulations PUBLICATION OFFICE: TORONTO, MARCH 29, 1941 10c a Copy: $5.00 a Year No. 13

The Nation's Business . . .

Canadian Trade and U. S. Dollars

As we go into a new travel season, Canada's official policy in respect to pleasure travel across the international boundary line remains the same as it was for the last half of 1940.

We are bending every possible effort to increase the number of friendly travellers visiting Canada from United States. At the same time we are continuing to forbid our own citizens to travel for pleasure in the United States.

From the promotion of American travel into Canada we hope to get a substantial volume of American dollars to assist us in our war effort. Last year's total was disappointingly small, only $121,000,000, a decrease of $31,000,000 from the previous year. If we can restore the 1939 figure of $152,000,000 and even increase it, we can greatly relieve the pressure upon dollar exchange.

Through the policy of forbidding pleasure travel to the United States we may save a maximum of $64,000,000 of precious American funds. (The reduction in Canadian travel spending in the United States in the six months of 1940 during which the ban was in force amounted to $32,000,000. If we double that figure we have an assumed total of $64,000,000 for a full year.)

This, then, is the financial side of the picture. There are not enough American dollars to go around; the dollars must be reserved to buy planes, steel and raw materials and machine tools. Ottawa does not want any of them spent by those who would travel for pleasure in United States.

The prima facie case for continuance on the ban for pleasure travel across the border is a strong one.

* * *

But final decisions must never be made on the basis of prima facie evidence. There are two important considerations which the Government should weigh in its reconsideration of this travel policy.

The first is that our refusal to permit Canadians to travel in United States for other than business and emergency reasons will be a factor in reducing American travel in Canada. The ban has given rise to much misunderstanding and some resentment. Thus the saving of $64,000,000 is not by any means a net saving.

The second important point is that the lack of Canadian travellers in United States is permitting the development of a great deal of misinformation and misunderstanding regarding our war effort and our war aims. Many sound and accurate observers, who have recently had occasion to visit American centres, have been appalled by the ignorance of Canada's war effort that prevails among a large part of the American population.

The value to Canada and to Great Britain in offsetting this ignorance, in spreading accurate information about what we are doing, in promoting goodwill for our cause, and in letting Americans understand the extent of the burden we are carrying is something that cannot be valued in terms of dollars. There might be even much more than $64,000,000 worth of goodwill for us in permitting Canadians to travel more freely across the border.

* * *

The decision of the Government to ban pleasure travel was made with the best of intentions and represented the Government's honest judgment at the time it was made. But such decisions must be reviewed carefully from time to time.

The Financial Post has urged that the decision be now reviewed and that, in rendering judgment, full regard be had not only for the urgent difficulties of our dollar exchange position but for the equally important factor of keeping American opinion well informed on our war effort in Canada.

* * *

Would it not be appropriate for our Government to discuss this subject frankly with the American Government; for Mr. McCarthy to discuss it with Mr. Morgenthau and for Mr. King to discuss it with Mr. Roosevelt? There is a likelihood that Canada, in some way, will be brought under the terms of the Lease-Lend measure within a matter of months. The financial assistance that may be rendered to this country in that respect may run into figures that will make $64,000,000 look comparatively small. The United States, it is possible, may be willing to advance the date of the application of Lease-Lend to Canada in order to enable us to lift these restrictions on travel.

* * *

THE SEAWAY AND CONTINENTAL DEFENSE

We have come a full circle in the St. Lawrence Seaway. When the first primitive one and a half foot canal was dredged around the Lachine Rapids by Dollard de Casson nearly 250 years ago, the object was defense; greater protection against the Iroquois for the struggling French village of Montreal.

Defense again dominates the picture as the Canadian and American Legislatures consider the new agreement. In fact it is only on the grounds of defense that such a measure could be seriously considered at this time. As a straight economic project this $350 millions undertaking has little justification on transportation grounds, and is ahead of its time as a power project. Since it was first broached in modern form 30 years ago, the original reasons cited have lost much of their force.

Until the threat of total war opened the eyes of North America to its own defenselessness, the St. Lawrence seaway was regarded only as a low cost traffic artery that would bring the Atlantic seaboard into the middle of the continent. European goods would be cheaper for the corn, wheat and cattle belts. Farm products would be carried more cheaply outward. But development of modern lake and rail transport with special rates on agricultural produce has taken a great deal of the weight out of the original low cost arguments, while ventures like the Hudson's Bay Railway have dispelled any illusions that great public undertakings might be self-liquidating and therefore costless.

As for power, the St. Lawrence will provide Canada with much more energy than we can ourselves absorb for many years. Ultimately the power will be needed but there may be an acute embarrassment for the Ontario and Quebec governments and the public utility companies at some intervening stage. If the war ends soon we shall have a power surplus in the two provinces without the St. Lawrence. Development of the Quebec and international sections will greatly increase that surplus, which might take some years to absorb.

North American defense, however, is another matter. On this ground the vast outlay of materials and labor necessary to build the seaway may be justified on the same principle that it is worthwhile to lay the keel for a battleship that will not be ready for 5 or 6 years.

And the new 27 foot channel which is to connect the upper lakes with the Atlantic should eventually play a significant part also in continental defense. It would permit anchorage 1,000 airmiles inland for all but the heaviest vessels in the British and U.S. Navies.

Of still greater importance will be the linking naval construction with the mass production industries flanking both sides of the Detroit River. Here, at least 600 miles west of the nearest possible approach of hostile aircraft carriers from either the east, north or

(Continued on page 2, col. 4)

War Shifts Have Effect On C.P.R.

Many Changes in Various Fields of Operation Are Brought Out by Beatty in Report

From Our Own Correspondent

MONTREAL. — Canadian Pacific Railway Co's report for 1940 reflects the first full year of operating under war conditions. As previously made public in a preliminary statement, gross operating income last year totalled $170.9 millions, as against $151.3 millions the year before. After providing for all senior charges, including dividends on the preference stock, there was a surplus of $15.1 millions in 1940. The year before there was a surplus, before preference dividends, of around $9.8 millions.

Because of its world-wide activities,, the war has affected the company in many directions. Freight earnings increased by nearly $15.5 millions, or 12.9%, over 1939 and were greater than those of any year since 1929.

General Freight Up 22%

Earnings from grain and grain products showed a decrease of 13.1%. But, apart from grain, freight earnings increased 22.2%. Gains were shown in every important class of commodity except fruit, vegetables and coal.

Pasesnger earnings increased by 17.8%.

Among the adverse features was a virtual disappearance of ordinary passenger traffic on Atlantic steamships and a reduction in travel through Pacific coast ports.

Transportation expenses increased by $3.3 millions or 6.1%. Other working expenses increased over $2.1 millions. Taxes advanced $3.4 millions, an increase of 78.1%.

The balance sheet, end of 1940, shows a strong position with net working capital maintained.

Most of the company's Atlantic

(Continued on page 4, col. 2)

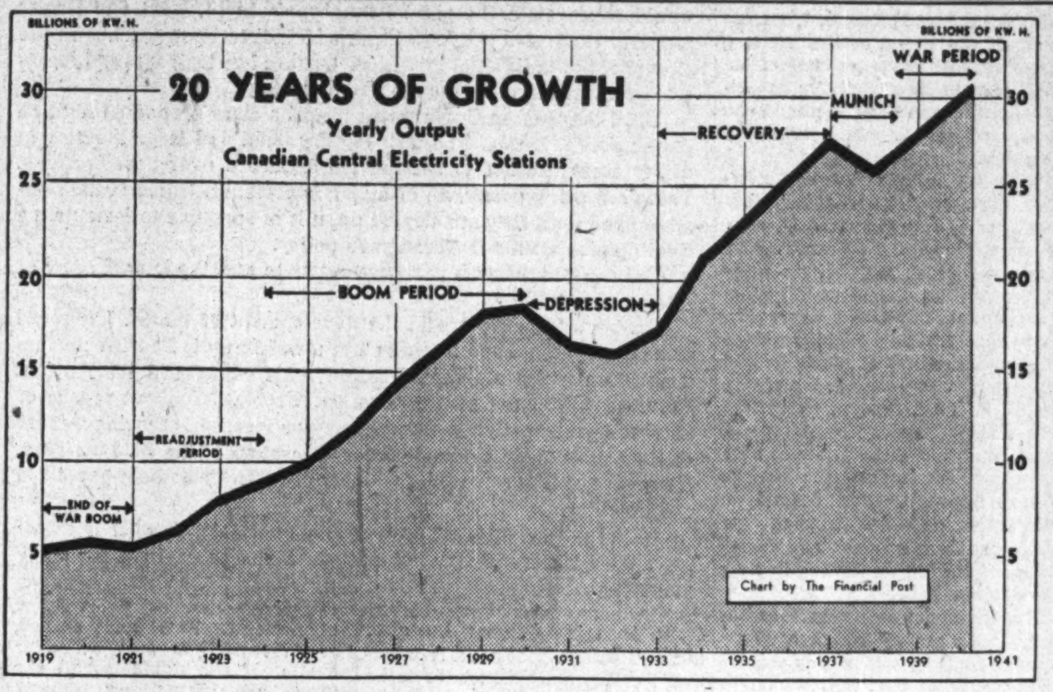
Budget Now Set For Early May

From Our Own Correspondent

OTTAWA.—The new budget is not expected until early in May, when Parliament reassembles after the Easter recess.

Existing Dominion taxes were estimated recently by Finance Minister Ilsley as likely to yield $900 millions in a full year. With national budget requirements in the coming fiscal year looming at a gross of $3 billions, including Canada's war and regular outlay, and financial aid to Britain, new levies and tax increases are considered certain.

The extent to which the Treasury must borrow money seems likely to exceed greatly the old forecast given last November by Mr. Ilsley of around $1,000 millions. The new budget is therefore expected to open the door to Canadian borrowing in the United States.



WAR SWELLS UTILITIES OPERATIONS

The needs of Canada's war supply effort, and the faster tempo of industry and commerce generally, have sharply stepped up the pace of the nation's public utilities. The vital contribution they are making is brought into sharp focus in the annual Public Utilities Review appearing on pages 17 to 32 of this week's issue of The Post. Highlight is the tremendous upturn in electric power output, shown graphically above.

Does Quebec Plan for Beauharnois Point to Publicly Owned System?

From Our Own Correspondent

MONTREAL.—Has Quebec Province taken another long step along the highway that leads to a state-owned power system, one to rival in magnitude the Hydro-Electric Power Commission of Ontario?

Some observers saw that in Premier Godbout's announcement this week that the province will expropriate the Beauharnois power enterprises to "protect" the province's interests in the St. Lawrence power developments.

But the interests most directly concerned were little excited by the announcement. That may be because provincial purchase of Beauharnois has been so long hinted that it was not entirely unexpected. But more important is the fact that the road that leads to Public Power in this province is bound to be a long road.

The power companies have had their critics, but the amazing industrial development of Quebec is evidence that they have served the province well, while contributing very large sums to the tax revenues of the Dominion, the province and the municipalities.

Little Sentiment For It

In highly individualistic Quebec there is so far little sentiment for public ownership. Some political leaders have sought to create such sentiment and, in the hands of an astute politician, public ownership of "the people's" light and power could be made a powerful appeal.

There is no evidence at the moment that Premier Godbout has planned any further series of steps that will add other development or distribution systems to Beauharnois to create a province-wide system. It is quite possible that the Premier regards this step as an isolated one, tied in with Quebec's whole position under the St. Lawrence development, but with no further long-term implications.

Beauharnois, according to the Premier, will not be taken over until the common works on the St. Lawrence are completed. That may take some time, though there is no reason why the government should not start expropriation proceedings before they are finished.

The Dominion grant of around $8 millions is not paid over to the province until Quebec takes over control and operation of Beauharnois.

What intrigues those interested in the Quebec power situation is what the province will do with Beauharnois when it takes over? What is going to happen after the war when hundreds of thousands of horse power of electrical energy may, for some time, go begging for a market? How will the promised reduction in power rates be accomplished?

These are only few of many questions still in the air. Until a definite statement on power policy is forthcoming from the Quebec Government, the situation must remain obscure.

Already in Business

Quebec already has the nucleus of a publicly-owned hydro system. Nearly three years ago it set up the Quebec Electricity Syndicate to develop a power site on the Upper Ottawa River, Abitibi region. The Government acquired the site from Noranda Power, subsidiary of Noranda Mines.

The Upper Ottawa site is capable of being developed for a maximum of 48,000 h.p.; present plans calls for 24,000 h.p. Work was started Dec., 1938, and is scheduled for completion next July. Most, if not all, this power will be taken by Noranda Mines.

In the case of Beauharnois, the output of the plant is sold in wholesale blocks to Ontario Hydro and Montreal Power. Other and smaller blocks of power are delivered to Canadian Cottons Co., St. Lawrence Alloys and some of the new war plants in the area. Beauharnois does no domestic business.

In taking over Beauharnois, the province would have a property whose functions are similar to those planned for the unit on the Upper Ottawa River—a wholesaler of power.

Premier Godbout is quoted as saying cheaper electricity rates will result from acquisition of the Beauharnois property. Just how this will be accomplished is not explained. The Provincial Public Service Board could issue an order to retail distributors enforcing general rate reduction.

Claims are made of the advantages accruing to Quebec through

(Continued on page 5, col. 6)

Canadian Rails In U. S. Improve

From Our Own Correspondent

MONTREAL. — U. S. lines of Canadian railways generally reflect increased industrial activity in the Republic. Canadian Pacific lines in Maine report total operating revenue in the month of $422,375, compared with $389,353 in the same month last year.

Vermont lines of the company report operating revenue of $114,461, against $111,068. Grand Trunk Western, part of the C. N. R. system in the Great Lakes region, had operating revenue of $2.4 millions in January, an increase of $239,870 over the corresponding month last year. Canadian National lines in New England, however, reported decrease in operating revenue to $134,341, from $148,271.

The War And Business . . A Weekly Round-up

Planning Board Out?

The War Time Requirements Board seems to have become very inactive. Has it ceased to function? It was set up last November under the Chairmanship of H. R. MacMillan, B.C. industrialist. Later H. J. Carmichael, general manager of General Motors of Canada, was appointed assistant chairman.

Original purpose of the board, in the words of Hon. C. D. Howe, was to "plan the most productive and direct use for war purposes of available supplies of materials, power, manufacturing plant and transportation."

The Board numbered 10 members, mostly front rank civil servants, including such keymen as Graham F. Towers, W. C. Clark, and Bryce Stewart. It was frequently criticized as too unwieldy for effective use. The real weakness seems to have been that it never had any real authority and has been given none by Mr. Howe.

Last month Mr. Carmichael was put in charge of the Canadian armament and gun programme. Mr. MacMillan's future status at Ottawa is in doubt. He is undoubtedly anxious to do a job but is not the type to assume responsibility without the authority that must go with it.

* * *

Plane Output

"If we can't take criticism we won't get anywhere in this show," Ralph P. Bell, director of aircraft production for the Department of Munitions and Supply, told a group of newspapermen with whom he toured the aircraft manufacturing plants in the Montreal area over the past week end.

"Our job is to take this criticism," he went on to say, "and eliminate bottlenecks which cause it. Sure, we've had some bad spots, sure we've bogged down. But the British had a bad spot on the beach at Dunkerque, and they weren't criticized for that."

In his survey of the general aircraft situation Mr. Bell stated that production in Canada had reached a peak of 40 planes per week. Because of continuing peaks and valleys in production, however, there was as yet no guarantee that this would mean the equivalent of a steady 175 a month but he was hopeful of attaining a rate close to that very shortly. This compares with an actual rate in the United States last month of 1,000.

One significant difference, of course, would be the fact that the American output includes U. S.-built engines, whereas all Canadian engines must be imported.

* * *

U. S. Aid to Britain

Largest item in President Roosevelt's $7 billions aid-to-Britain programme is aircraft and aircraft materials, according to an estimate prepared by the U.S. budget director. Nearly a third of the $7 billions will be accounted for by planes, engines, instruments and parts, etc. Second largest category will be guns and shells. Of most surprise to Canadians will be the third item in dollars importance, farm and industrial commodities. For this Uncle Sam is expected to spend $1,343 millions, or almost as much as the Canadian war budget for the fiscal year commencing next Tuesday. Detailed breakdown in millions of dollars is as follows:

	In Millions
Aircraft and materials	$2,054
Guns and shells	1,343
Farm & industrial commodities	1,350
Tanks, armored cars, etc.	362
Ships	629
Military equipment	260
Plant facilities	752
Repairs, testing, admin., etc. ..	250
Total	$7,000

While Canadians may think that Washington is planning to turn over a good deal of food to Great Britain under the Lend-Lease plan that might be supplied from farms in this country, word from Washington is different. Greatest emphasis is placed on vitamin-rich foods badly needed by British children. The purchase this week of 36,000 cases of Texas grape fruit juice is reported as typical of the business planned.

Convoy Plans

Wendell Willkie in his Toronto speech this week stressed shipping as a vital need of beleaguered Britain, just as President Roosevelt emphasized the same point in his address of the previous week. There is a growing feeling that provision of American shipping will almost invariably be followed by provision of American convoys, if merchant shipping losses continue high.

Americans generally, of course, will have a very personal interest in the contents of eastward bound vessels across the Atlantic as their $7 billions appropriation transforms itself into weapons of war. New plans are undoubtedly afoot to get these precious cargoes safely across.

* * *

Those "Dud" Bombs

Wishful thinkers on this side of the Atlantic have been attaching much significance to the high proportion of non-exploding or dud bombs that have been dropped on Great Britain and British warships. There have been stories about cooperating sabotage in Czech munition plants and that this was the way unwilling new workers for Hitler were going to shorten the war. Opinion of experts recently returned from England is disillusioning.

Modern bombs, it is pointed out, are complicated things with many and various devices to prevent them exploding in handling, loading, air transit and in the event of a forced landing. Before they are dropped the airman must deneutralize, adjust time fuses, etc. If harassed by anti-aircraft fire or a Hurricane on his tail, sometimes he hurries or forgets. After all when his Heinkel comes home to roost the bombs are gone and how can any suspicious senior ground officer prove anything? The result is a dud, our informant explained, who adds that contrary to somewhat general opinion these unexploded bombs are fairly safe to handle. Originally they were exploded where they lay. Now many of them are neutralized by experts and the contents salvaged.

This War Cost More

So far this war is easy on the soldier but desperately hard on the pocketbook as compared with its predecessor of 1914-1918. For the new fiscal year Finance Minister Ilsley estimates total war expenditure by Canada of over $1,450 millions. His figure is a minimum, certain to be greatly exceeded. For the year 1916, which was the corresponding period in the first Great War, this country paid out just a trifle over $166 millions or about one ninth of the present rate.

* * *

Pay and Allowances

Last year over $183 millions was put into circulation throughout Canada through pay and allowances to military establishments. This sum, according to a statement in the House of Commons, was distributed as follows:

Prince Edward Island	$ 1,824,000
Nova Scotia	18,666,000
New Brunswick	8,772,000
Quebec	27,264,000
Ontario	74,064,000
Manitoba	17,760,000
Saskatchewan	9,552,000
Alberta	7,344,000
British Columbia	17,748,000

The relatively larger payroll for Nova Scotia and British Columbia is explained, of course, by the larger number of defense projects in these provinces.

* * *

Centralized War

One of the real difficulties which Canada has had to face in its war supply organization has been the fact that British supply departments are not centralized as in Canada but are broken up among three groups. Completely different buying organizations for war materials are maintained by the British Admiralty, by the Air Force and by the Army.

In Canada these have been centralized under one Department of Munitions and Supply.

Canadian officials who have had a chance to explore the British situation at first hand express a belief that after the war is over the British may upset centuries of precedent and tradition and adopt the centralized Canadian plan.

Hint Dollar Parity For Canada and U.S.

Move Suggested by Washington as Step Toward Lease-Lend Aid — Canada Financing Billion Dollar Aid to Britain This Year

Some groups at Washington would like to put the Canadian and United States dollars at par, or even adopt a mutual currency The Financial Post learns from a reliable source. The move would be designed to ease Canada's credit position in the U. S.—perhaps as a preliminary step to arranging an American loan or tying Canada into the Lease-Lend plan. Any such scheme to be successful, of course, would have to be supported by large American credits or purchases of Canadian dollar exchange.

Judging from the gradual unfolding of Canada's wartime financial policy, it is not likely that there will be great enthusiasm for dollar parity at Ottawa, but a far-reaching exchange agreement with our neighbor is considered certain following Prime Minister King's statement in Parliament this week.

So far, restrictions have aimed at curtailment of Canadian non-war spending whether in Canada or in the United States. Travel to the States, except for business and health, has been rigidly banned. Extra taxes have been levied on American goods and consideration is known to have been given to a complete embargo on all but vital war imports from our southern neighbor.

As part of this policy the 10% premium on American funds has proved a most effective barrier to "luxury" spending by Canadians. Ottawa may be loath to see it go in spite of the implied compliment of having our dollar placed on a parity with the hardest currency left in the world.

On balance this latest American suggestion of adjusting the financial balance between the two countries would not be altogether favorable to Canada. Our purchases from the United States it is true have been running much higher than our exports to that country. In 1940, despite the new restrictions, the unfavorable balance of trade increased by over $130 millions. With growing purchases of American key war materials—mostly planes, engines, chemicals, iron and machine tools—this spread is expected to widen. Putting the currencies at par would lower our heavy bill for purchases automatically by 10%. It would also ease the burden of servicing charges on the large Canadian debt held in the United States.

On the other hand, unless there were sweeping compensations not yet disclosed in the meagre information emanating from Washington, there would be serious adjustment for several major export industries of this country now depending on the United States for a market.

Chief of these would be the gold mining industry and that producing pulp and paper. Both of these in

(Continued on page 2, col. 3)

Bell Says Aircraft Jam Now Being Broken

From Our Own Correspondent

MONTREAL.—"Within six months the people of Canada will be paying tribute to the aircraft industry," Ralph Bell, director of aircraft production for the Department of Munitions and Supply, told a group of newspapermen with whom he toured the aircraft manufacturing plants in the Montreal area over the past week end.

Basically the production programme at present, as outlined by Mr. Bell, is to produce trainers — primary, intermediate and advanced —for the British Empire Air Training Plan, together with some service planes. Later on it is hoped to turn out at least one type of fighter machine.

He announced production is to start soon of Martin B-26 bombers at the National Steel Car Corp. plant near Toronto, and that it is hoped also to produce in Canada a type similar to the Consolidated bomber.

Mr. Bell mentioned that before the war the industry employed about 1,000 workers and had never turned out a $1 million worth of machines in a year. At present around 25,000 workers are employed and the aircraft companies have on their books orders totalling $127 millions.

In one week recently production of all types of machines amounted to 40, Mr. Bell said, which compares favorably with the 1,000 machines turned out in American factories last month.

This did not necessarily mean that aircraft output in Canada had attained a regular level of 175 units a month, Mr. Bell noted.

Have Their Problems

From talks with officials and others in the various plants visited, and from observation, it appears most of the troubles experienced by the industry centre around lack of materials, lack of engines, frequent changing of specifications and uncertainty over orders. Some of these have been wholly or partially overcome in recent months and even in the past week or two.

This condition is declared to be fairly general. Steps are being taken, it is said, to arrange for a longer-

(Continued on page 2, col. 7)

Here's How St. Lawrence Project Will Work Out

By GORDON L. SMITH

Staff Writer, The Financial Post

Signed in Ottawa last week, the $350 millions St. Lawrence Seaway once more goes before the governments of Canada and the United States. Backed by President Roosevelt as an alternative war or peace project, apparently accepted by Quebec and Ontario, streamlined from treaty to agreement to avoid the two thirds rule of the American Senate, the giant undertaking is now conceded the best chance of official approval in its 30 years of promotion.

The scheme vitally affects the most industrialized area of Canada. It reorients the whole power picture of Ontario and Quebec, may do the same to eastern North American defense and eventually commerce.

Immediately it confirms the recent temporary allocation of the equivalent of 70,000 h.p. at Niagara in anticipation of the Ogoki diversion for Ontario power plants at Niagara and old plans have been revised to permit early exploitation of additional power.

1.5 Million H.P.

Eventually the scheme would produce over a 1.5 million horsepower for Canada, mostly along the St. Lawrence River, or within 300 miles of over 50% of the country's existing industrial plants. It would change a looming Ontario power shortage to a substantial surplus, and might provide the nucleus for a provincially owned power distributing organization in Quebec.

Bulk of the power is expected to be developed by 1945.

Completion of the planned 27-ft. channel up the St. Lawrence and through the Welland and St. Mary's canals scheduled for 1948 would open the middle of the continent to seagoing vessels.

Bomb-free Anchorage

It would give American and Canadian navies safe anchorage 1,000 miles inland.

It would make available for navy or merchant ship building the mass production factories which centre around Detroit, where there is the greatest concentration of steel, coal, power, skilled labor and machinery anywhere in the new world.

Although negotiations for the St. Lawrence waterway development were started in 1910, it was not until 1932 that the first formal pact between the two countries was drawn up. This was thrown out by the United States Senate.

Early in 1936 the United States

(Continued on page 2, col. 4)

Make Sure You See—

Utilities Behind the War Effort

Utilities Vital Cog—p. 17.
Annual Review of Public Utilities—p. 17-32.

"Bank Line" Theory Analyzed

Uses Banking Figures—p. 8.

A $25,000 Portfolio of Gold Stocks

Chooses Golds Only—p. 15.

How War Workers Are Made

Factory Within a Factory—p. 3.

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—Sir Edward Beatty
—Stephen Leacock
—Dr. H. L. Stewart
PROPAGANDA A LA MODE
—John B. Kennedy
"TRANS-CANADA" ABREAST OF THE TIMES
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Tooke Bros. Ltd. Sales Ahead of Last Year

From Our Own Correspondent

MONTREAL.—Sales of regular commercial lines in the year to date are well ahead of the corresponding period last year, shareholders of Tooke Bros. Ltd. were told at the annual meeting. Prospects for continuing improvement in the currrent year are encouraging. H. H. Woodward, president, states.

Represented by proxy at the meeting were 5,692 preferred shareholders, and 6,192 common shareholders, total of 11,884 shares, or 54.2% of the total outstanding.

Interest of 1% is Paid By Municipal Bankers

Municipal Bankers Corp. is paying 1% interest on its $1.7 million of general mortgage bonds this month. First payment since March, 1939, this brings the total interest payment to 13% since present bonds were issued in 1931.

Municipal Bankers has extensive interests in real estate and second mortgages in the Toronto district.

Public Utility Earnings

Canada Northern Power Corp.

February:	1941 $	1940 $
Gross earnings	413,063	430,967
Less: Oper. expenses .	223,076	231,524
Net earnings	189,987	199,443
Two Months Ended Feb. 28:		
Gross earnings	833,686	868,930
Less: Oper. expenses .	446,195	466,038
Net earnings	387,491	402,892

AUTOMOBILE business for sale in West. Requires considerable capital—not less than $20,000 in cash to handle. Very profitable. Good reason for selling. Full details of earnings will be furnished.

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MEMORIAL SCHOLARSHIPS

The school offers for annual competition, two memorial scholarships for entry to the Senior School, each of the value of $500 a year, and two for entry to the Junior School of the value of $400 and $200 a year, respectively.

This year a special scholarship of the value of $500 a year will be open for competition among boys from English schools.

The examinations for these scholarships in 1941 will be held on May 1st and 2nd.

Twelve bursaries are awarded annually.

For full information please write to:
Philip A. C. Ketchum,
M. A., B. Paed.,
Headmaster

Trinity Term begins on April 16th.

Hint Dollar Parity For Canada, U. S.

(Continued from page 1)

the past year and a half have to some extent modified operations in view of the U. S. dollar premium.

Normally Canadian business could continue indefinitely with an unfavorable balance of trade with the United States because this is offset by a markedly favorable balance with the United Kingdom. We simply took the extra pounds sterling accruing from the latter transaction sold them in New York for American dollars, and used these dollars to square our accounts with our neighbor.

With the outbreak of war, however, the system of triangular settlement came to a virtual dead stop. It came to an end because every American dollar that Britain could obtain in the normal processes of trade and business was needed by that country to pay the bills for the enormous amounts of airplanes and other munitions of war bought in the U. S. At a time when Britain was turning into cash the accumulated American investments of over a century of investment in the United States, Canada desired to strengthen and not weaken the Motherland's war effort and so refrained from selling sterling in New York to buy dollars.

This change was partly responsible for the present situation where Canada finds herself getting shorter and shorter of the wherewithal to make American purchases. The other—and a major reason—for the embarrassment is the growing bill for our own war effort, plus huge financial aid to the United Kingdom.

Our own war budget for the coming fiscal year is conservatively estimated at $1,450 millions and may easily exceed this figure by as much as $200 millions. In addition Mr. King discloses we are largely financing a $1,500 millions flow of metals, munitions, food and military equipment to Britain.

British "Deficit" Grows

Mr. King announced that the "deficit" on British account in Canada stood at $737 millions at the end of February. With steady acceleration of flow of war supplies to Britain in the coming year, the Canadian Government contemplates carrying a deficit on this account of $1,150 millions in 1941-42.

For Canadian war materials and other goods "sold" to Britain, the Mother Country has been paying partly in gold, partly by the sale of securities to Canada, partly in the accumulation of sterling balances to Canadian account in London through sale of goods to Canada. But more than two thirds of the total (estimated at $1.5 billion) to be exported this year in war supplies, raw materials and food commodities, will be financed directly by the Canadian treasury. Mr. King described this as an "indirect contribution" to Britain.

At the same time, Mr. King announced a new estimate of the 1941 national income of Canada as $5,950 millions.

Financial Picture

These figures produced the following financial picture in advance of the 1941 war budget:

	Millions of $	% of Nat. Income
War Costs:		
Candn. war acct.	1,450	
Aid to Britain (deficit)	1,150	
Total	2,600	43.8
Non-War Costs:		
Federal account	433	
Nine provinces	575	
Total	1,008	16.9
Balance (for private spending)	2,342	39.3
National income	5,950	100.0

On this basis, the new national budget requirement will be more than 50% of the national income, as follows:

	Millions of $
Candn. war account ...	1,450
British deficit	1,150
Non-war costs	433
	3,033

Inclusion of provincial budgets, estimated at $575 millions, brings the total governmental costs for 1941-42 to $3,608 millions, or 60.63% of the national income.

On the basis of the 11 to one difference in population Canada's financial commitments for war for the coming 12 months would be the equivalent for the United States of:

Direct war expenditures of a minimum $16 billions, and a possible maximum of $19 billions.

In addition, financial assistance to Great Britain of a minimum of $12 billions and a possible maximum or $15 billions.

How Deficit Met

The swift development of the crisis in Canadian-British financial relations, forcing a drastic recasting of the original repatriation formula, was shown in figures given by Mr. King. To the end of February from the start of the war, the deficit in British account stood at $737 millions. This was financed as follows:

	Millns. of $	%
Repatriation	$331.6	45
Sterling bal.	154.8	21
Gold transfer	250.6	34
	737.0	100

Gold Transfers Drop

More than half of this deficit—$359 millions—arose in the six months ended Feb. 28, and during that time Britain transferred only $65 millions in gold. Since the early part of December no gold transactions have been made between Canada and Britain. Repatriation of securities with a limited market in Canada has been getting more difficult. And a switch of more British factories to war production, does not augur well for an increase in the export of British goods to Canada.

Mr. King expects Britain to make up part of its future deficit by shipments of gold, and any receipts of this character will be used to make payments to the United States for war purchases. But after this and British goods and repatriation the difference will have to be made up by the Canadian treasury in taxes and the proceeds of loans either internal or external if possible.

So long as the Neutrality Act stands on the law books of the United States, Canada can float no loan in that country to relieve the present situation. Unofficially, it is understood Washington has suggested relief through the Lease-Lend plan.

Our Stake in U. S.

Chief objection on Canada's part centres around our billion dollar investment in the United States. This is regarded as a vital protection and something in the nature of collateral for the enormous amount of Canadian debt held in the same country.

Britain has started such a sacrifice of investments in the United States with the recent sale of the huge Viscose Corp. In some quarters this was regarded merely as a sort of token sale to show that Britain was deadly serious in her pleas for aid; in others as the beginning of a complete auction. In any case from at least one responsible American source there comes warning of the danger of such a course. Joseph Alsop and Robert Kintner had this to say in the New York Herald Tribune last week:

"The fact that it was politically necessary to insist on such a sale casts a dubious light on our own relation to the British war effort. For Britain's direct investments, here and abroad, are essential to her economic health. If she liquidates all her direct investments, her postwar economic position will be infinitely difficult. And surely it is more than a little short-sighted to destroy Britain's economic health while giving all-out support to her battle for democracy."

Revised Financial Policy

But no matter the consequences the clear impression is given by Mr. King's statement this week that a revised financial policy for Canada is inevitable if we are going to be able to continue our key war purchases from the United States and contribute our vital aid to Britain. Both are tied together. Without the tools and raw materials from the States, we cannot continue to supply the finished products, to make full use of our plant and equipment. To continue, a new financial policy is needed and is expected to be built around the following main planks.

1. Further enlargement of free entry of British goods to Canada, in order to enable Canada to accumulate as large sterling balances as possible in London.

2. Canadian borrowings in the United States, for two reasons:

(a) to maintain the flow of war purchases by Canada in that country and

(b) to avoid serious dislocation of Canada-U. S. trade by further prohibitions of the character followed hitherto in Canada's efforts to conserve U. S. exchange.

3. A far-reaching exchange arrangement between Canada and the United States.

The Nation's Business

(Continued from page 1)

south—assuming the St. Lawrence itself was not forced—steel, coal, power, skilled labor and machines are all concentrated, readily available to rebuild the world's two largest navies.

* * *

QUEBEC AND BEAUHARNOIS POWER

Premier Godbout's announcement that the Quebec Government would expropriate the giant Beauharnois Light, Heat and Power property came as a shock to those who looked upon Quebec as the stronghold of individual initiative. Quebec has long spurned large-scale ventures into Business by Bureaucracy.

Until the Quebec Government makes a clear pronouncement on power policy, it would be well for the small and large investor in utility securities not to become too disturbed over developments. There are many points, all of major importance, which remain obsecure and until they are cleared up, it is not possible to formulate a final opinion on the Government's policy.

But the Beauharnois purchase seems to cast the long shadow of coming events.

Quebec's acquiescence in the development of the St. Lawrence as a power project and its first steps toward Public Power opens up a situation which may cause considerable changes in the Ancient Province within the next generation. Premier Godbout speaks of Quebec's participation in this scheme as a means of securing a share of the power made available from the waters of the St. Lawrence. He speaks of it as something which will be an immediate benefit to the province.

All those "advantages" are yet very uncertain. Quebec is entering a dark wood and may not emerge into clear daylight for many years.

The St. Lawrence Project

(Continued from page 1)

undertook to revive the project but talks were broken off.

Power Shortage Revived It

In 1938 the matter again came up following the proposal of Ontario to divert water from Ogoki and Long Lake into Lake Superior for additional power at Nipigon and Niagara. Washington suggested this proposal be enlarged to deal with the whole St. Lawrence-Great Lakes basin and once more the seaway was in the spotlight.

May, 1938, Washington submitted the draft of a new treaty to Ottawa. Sporadic negotiations following were interrupted by the outbreak of war in 1939 but again the need of more power brought matters to a head.

December, 1939, Ottawa suggested the proposed treaty of 1938 be rediscussed. Last October the United States consented to additional diversion of water at Niagara Falls by Ontario "pending conclusion of a final seaway agreement" and preliminary plans for actual development of the international section of the St. Lawrence were drawn up. Following further negotiations an agreement was finally signed at Ottawa March 19 last. If ratified by the U. S. Senate it will come before Parliament for official Canadian approval.

One Stage Development

The present scheme differs from its immediate predecessors in only one important respect. It is a one-stage development instead of two, as previously proposed.

There will be only one main power dam, only one main water level, fluctuating between 238 and 242 feet. The two-stage development would have been more expensive. A great deal more generating machinery would have been needed, also two main power dams. The only saving would have been in less land flooded, but land acquisition is reported less costly than duplication of dams and power machinery.

Main dam and power plants will be built at the lower end of Barnhart Island about two miles up the river from Cornwall.

All rapids, a good many of the islands and much of the present shore, especially on the Canadian side, will be flooded back to the lower end of the Galop Canal, about five miles west of the village of Morrisburg.

Some 100 miles of railway and somewhat more of highway will have to be moved back from the river or abandoned on the Canadian side. The present villages of Morrisburg and Iroquois will disappear and will have to be rebuilt elsewhere. Cost of this work, plus the necessary acquisition of land, will cost over $25 millions.

Revised Costs

Cost of the project, "revised to take into account rising construction costs and additional expense likely to be incurred in expediting the work in the interest of National Defense," is estimated at slightly over $350 millions. Of this the United States will pay $218.6 and Canada $131.6.

The reason given for Canada's much smaller share is our already heavy outlay for the Welland Canal, without which the St. Lawrence Seaway would be incomplete. All main works along the Welland Canal are already constructed on the basis of a 27-ft. channel, although some new dredging and other work to the extent of $1.1 millions will have to be undertaken. The United States Government is to look after deepening the St. Mary's Canal.

Actual construction is to be carried out by the two Governments, generally each doing the work on its own side of the international section of the river. Total cost of this work, however, with the exception of the machinery and equipment for development of power on the Canadian side will all be borne by the American Government and paid for as the work progresses.

Ontario-Quebec Agreements

Under a separate agreement between the Dominion and Ontario on a 50-50 basis to Canada and the U. S. In addition to this bloc, how-

Governments, the latter agrees to pay, over a period of years, some $64.1 millions in return for its share of the work on the international section of the river, rehabilitation, etc., and also for the eventual ownership of the $23.5 millions of power machinery and equipment to be provided.

Under a further agreement with the Quebec Government, an undertaking is given that "if and when Quebec takes over the control and operation of the Beauharnois development there will be paid to the Government of Quebec, by the Government of Canada, the sum of $7,972,500." It is also provided "that, if and when power is developed within the Lachine section, full recognition will be given to the right and obligations of the Government of the Province of Quebec." (The Quebec situation is discussed in a separate article in this issue.)

Result of the three separate agreements on costs leaves an estimated net cost to the Dominion of Canada for the whole project of $44 millions.

Power Details

Ultimate power development on both sides of the international section is estimated at 2.2 million h.p. This would be generated at the one main dam at the lower end of Barnhart Island and would be available

Seaway Costs

GRAND TOTAL

International Section ...	$266,170,000
Canadian Section	82,954,000
Welland Canal	1,100,000
Total estimated cost ...	$350,224,000
U. S. Share of Cost	$218,592,000
Canada's Share	131,632,000
CANADIAN SHARE	
Ont. to pay Dom. 62.5% share of development .	$ 64,125,000
Power machinery	23,465,000
	$ 87,590,000
*Dominion Govt. to pay	44,040,000
	$131,632,000

*If Quebec Government takes over Beauharnois development, Dominion makes further payment of almost $8 millions to Quebec for additional seaway already completed or in prospect.

ever, it is estimated that there will be another half million horsepower for Ontario and Quebec from waters wholly in the Dominion. Largest contributor is the Ogoki-Long Lake diversion, now within two years of completion, and an additional 5,000 feet of water at 150,000 h.p. at Niagara, available when remedial work at Niagara Falls as provided in the Seaway Agreement, is completed.

Finally the agreement aims at stabilization of all power and water development throughout the whole St. Lawrence-Great Lakes Basin. It would set up machinery and works to protect permanently the beauty of Niagara, provides arbitration for any increase in the present reduced diversion of water outward at Chicago, provides that diversions by either party into the Great Lakes "are to be credited for power purposes to the country diverting the waters." In the case of Ogoki-Long Lake diversions, however, that credit has already been agreed to by the United States in anticipation of the present Seaway Agreement, and is shown in the accompanying table.

Power Yield From Seaway Project

	Ultimate Potential Power in H.P. In International Waters	Ultimate Potential Power in H.P. In Wholly Canadian Waters
Ogoki and Long Lake Diversions—		
Nipigon River in Ontario	....	90,000
Aguasabon River in Ontario	....	20,000
St. Mary River in Ontario	9,000	....
Niagara River in Ontario	150,000	....
St. Lawrence River in Ontario	42,000	....
St. Lawrence River in Quebec	....	54,000
Additional 5,000 c.f.s. at Niagara—		
Niagara River in Ontario	150,000	....
International Rapids Section Development—		
Ontario Power Development	1,100,000	....
Total	1,451,000	164,000
Grand total	1,615,000	

Weekly Record of Financing in Canada

—SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Fort Erie, Ont.	March	Harrison & Co.	3½%	1942-51	$234,000	.....	.....
			4%	1952-61	46,000	.....	.....
			4½%	1962-71	80,000	.....	.....

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Bell Says Aircraft Jam Now Broken

(Continued from page 1)

term programme which will permit continuous production of basic parts so there will be no hold-up in assembly work.

Position of Plants

At the Fairchild plant this lack of orders is not pressing. The company now has contracts which will keep it engaged until the end of 1942.

Canadian Car's plant at Fort William, working on Hurricanes for the British Government, will complete the present contract around July. The company recently received another order for Hurricanes, which will keep it busy until the fall. Larger and more regular orders are needed to prevent a break in production at the Fort William plant.

To Make Bombers

National Steel Car's plant at Malton, which has only been operating at a fraction of capacity, will shortly turn to the manufacture of the Martin B-26 bomber, Mr. Bell revealed. Engines will come from the U. S.

Manufacturing rights have been secured for this machine by the Canadian Government and the contract is now being finalized in negotiations under way. The machine is a large one, weighing 26,600 pounds. compared with 18,000 pounds for the Hampden bomber. Speed is 340 miles an hour, compared with 265 for the Hampden.

The Government also is giving consideration to starting manufacture in Canada of a huge new bomber, similar to the American Consolidated type now being flown to Britain. It will have a range of some 3,500 miles, a top speed of more than 300 miles an hour, and heavy armament.

One of the biggest problems which the Canadian aircraft industry has had to contend with is the frequent changing of specifications, but this cause of delay is expected to be less marked from now on.

At Canadian Vickers work is being done on the big Stranraer flying boats; at Fairchild's, Bristol Bolingbrokes are coming off the line; and at Noorduyn Aviation the North American Harvard and Noorduyn Norsemen. At two of these plants component parts are being manufactured for the Handley-Page Hampden bombers and the Avro-Anson twin-engined bombers.

At Vickers, in the final assembly room were over half a dozen complete hulls, upon which work could not be completed, allegedly because of lack of engines.

Fairchild's, with its ultra-modern plant, was spoken of by Ralph Bell as "the pride of the Department."

At the Noorduyn plant at Longue Pointe, everything but the final assembling is done, the latter being carried out at the company's Cartierville unit. Here the straight line assembly process has been adopted. In this plant, engine cowlings and gas tanks are being die-stamped with considerable saving in time; in other plants these are hand jobs. The Longue Pointe unit of Noorduyn will be closed down shortly and equipment moved to the new plant now being erected at Cartierville. This will greatly facilitate production and promises to about double output.

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London Calling

By Atticus

"Commonwealth Prime Ministers Have the Knack of Making Us All Feel Better the Moment They Set Foot in This Country"

LONDON.

Commonwealth Prime Ministers have the knack of making us all feel better the moment they set foot in this country.

In the last war we had the blunt and vigorous Mr. Hughes. Now it is Robert Gordon Menzies, the great genial backslapping barrister from Melbourne, who breezes out of his airplane to cheer us with a whole string of remarks couched in precisely that bluff eighteenth-century sea-dog strain that the people of this country, and their Prime Minister most appreciate.

I must say that I particularly liked that remark of his about the Italians in North Africa. "Remarkable thing is that I saw more Italian prisoners than Imperial soldiers, but of course there were many more Italians!"

It is often possible to gauge a man's prospects of success in this country by the first remarks he makes on landing. Most people will remember the astonishing way in which Joachim von Ribbentrop managed to say all the wrong things. By his sayings I predict an amazing success for Mr. Menzies. Just as we were marvelling at Australia's superb accomplishment in throwing thousands of men into Singapore on top of her formidable part in breaking up Mussolini's Empire, he leaves us all gasping with a casual statment that the Commonwealth will do still more to speed the common cause. And he found his way straight to our hearts by complimenting us all on the manner in which we have stood up to the blitzkrieg.

For it is a genuine reward for the men and women of this country to learn that their conduct under bomb fire has touched their cousins in the Dominions as surely as the gallantry of the Anzacs in North Africa has moved us to admiration over here. It needed a diplomat and a judge of character to say those things that seemed to come so spontaneously from the Australian Prime Minister. I hope he will stay many days with us, for such buoyancy is catching.

But there is one thing that may depress him. Mr. Menzies is an honorary Bencher of Gray's Inn, whose seventeenth-century buildings, though luckier than those in the Temple, have had a sad battering from the bombs. I hope the Benchers will manage to patch up the not too badly dented Hall in time for him to lunch there before he goes home.

* * *

Sir Hamilton Harty

There was a gracious courtliness about the late Sir Hamilton Harty which his friends will remember more vividly than all his skill as the conductor of an orchestra. He was brought up amid the wistful charm of Victorian Ireland and he bore it with him till the end. The same strain of Celtic imagery was apparent in many of his own compositions, notably his tone poem "With the Wild Geese" and "The Mystic Trumpeter" which he performed with such amazing spirit in Leeds just before the last war.

This capacity to set the roving thoughts of the dreamer to music was, I think, the basis of his genius, and it certainly accounts for the peculiar creative touch which always marked his rendering of that other genius of the imagination, Sibelius. Possibly he lacked the forcefulness of some great conductors, but he made up for it by the peculiar quality of his charm, and if his greatest shortcoming both as man and musician was his reluctance to take life or the score with too much heaviness I feel that it was to his Irish upbringing that we must ascribe it. To him life was sometimes a joy and sometimes the basis of a vision. Never could it be a labor.

* * *

Danes in London

The contribution that Free Denmark has made and is making to the common cause is rather overlooked, possibly because the Danes themselves do not, for the sake of their countrymen, want to see it stressed too much. All the same it was timely for Mr. Kröyer-Kielberg, the genial chairman of the Anglo-Danish Society, to remind us at their luncheon that 4,000 Danish seamen are at work with their ships to break the German efforts at a sea and air blockade of Britain.

Mr. Kröyer-Kielberg has long been a familiar figure in the London which likes and respects him. But it has taken the war to throw him up as a forceful orator and a vigorous man of action. There was a touch of emotion in his reference to the Danish volunteers serving in the British Army which sent a decided thrill through his hearers. Perhaps they would have been still more stirred had they known more of the work and the sacrifice he has devoted to the Free Denmark Movement in this country which has its centre in his office at Bush House.

A compatriot and admirer of Mr. Kröyer-Kielberg told me that plans to form a special Danish Legion are being canvassed in London, where several Danes feel that it would strengthen the position of their country at the Peace Conference when the war is won.

The lunch was marked by some other episodes of more than transitory significance. It provided Count Eduard Reventlow, the Danish Minisher, with his first opportunity for a public speech since the invasion of his country, and he used it to pay a graceful compliment to our generosity and understanding. Also it furnished Captain Crookshank (who took Mr. R. A. Butler's place at short notice) with the chance to make a fine speech. In it his happy reference to himself as a senior junior Minister, his apt recalling, "now that there is such a lot of talk of invasion," of the fact that England was once successfully invaded by the ancestors of Count Reventlow and Mr. Kröyer-Kielberg, and his bland comment that he and the Danish Minister "lived in the same street and shared the same bombs," were received with an equal degree of sympathetic appreciation.

But the most significant feature of this lunch was the absence from it, until the very end, of the chief guest, R. A. Butler, the Under-Secretary of State for Foreign Affairs. His brief appearance just before the guests got up from the table was much appreciated, and was taken as a special tribute to our Danish friends because they had been told that he was inevitably detained by his duties in another place.

They did not know, of course, why he had to be in that other place, because the secret of his chief's absence in the Middle East was sedulously kept, and only three days after, reading that Anthony Eden had flown to Cairo, could they appreciate the full meaning of the history that was being made in front of them.

* * *

Leisured Days

Memories of London unclouded by the shadows of the last war, the London of the top hats, where the window-boxes were full of geraniums and marguerites, stirred at the news that Joseph Coyne was dead.

No comedy at Daly's or at the Gaiety when it was still gay seemed to be complete without him dancing on in a dinner jacket and a boater. "The Merry Widow," "The Dollar Princess," "The Girl From Utah" —he was the centre of all those sunset successes, and, although he made something of a comeback in 1922 in "No No Nanette," he belonged essentially to the leisured days of the high-kicking Gaiety chorus. At the end, when the Gaiety was closed and Daly's pulled down, he lived in a bedroom at the Carlton Hotel under the completely erroneous impression that he was destitute. But his body was healthy almost to the end, and until he was whisked away by his friends to the nursing home in Berkshire where he died, you could see that loose-limbed, vivacious, old-time favorite walking round Green Park with all the old zest that had made him into such a brilliant star.

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Income Tax Problems

From now until April 30, deadline for filing personal income tax returns, The Financial Post will answer questions from subscribers about their income and national defense taxes, as to exemptions to which they may be entitled, methods of payment, etc.

Enquiries are invited.

Farmer's Exemptions

I am a married man with no dependents. I operate my own farm and derive a gross income from it of a little over $1,300. This is augmented by an investment income of about $500. Most of this investment income has been subject to a deduction of 2% at the source for National Defense Tax.

Are expenses such as farm land taxes, wages and other costs deductible from the $1,300 before the National Defense Tax begins or is the tax simply a gross production tax?

Does the 2% deduction at source of investment income end my liability there?

Am I liable for income tax as well as National Defense Tax, if so what is the rate?

You are allowed to deduct expenses incurred in operating your farm. These expenses include such items as taxes, wages and similar expenses. Suppose, for example, your expenses incurred under these headings came to $600. You are permitted to deduct this from the $1,300 gross revenues and show only $700 as the income earned from your farm. This added to the $500 makes your total net income for the year $1,200.

As this is less than $1,500 and you are a married man, there is no income tax to pay.

But you are liable for National Defense Tax at the rate of 2% on half the income for the year, that is $600. This would make $12 payable as National Defense Tax. But through deductions at the source you have paid a part of the $12 due. Accordingly you still have to pay only the difference between $12 and the amount collected at the source.

Married Woman's Income

A man is married in October, 1940. His wife has had no income since her marriage. But before that time she had income in 1940 of $756. On this National Defense Tax of $4.92 has been deducted at the source. Is the man entitled to the $1,500 exemption?

As the wife's income is over $750 she is considered to have had a taxable income of her own and the husband is entitled only to $750 exemption, not to $1,500. She would be liable for income tax on the $6 over the exemption of $750. She would also be liable for National Defense Tax for 1940 at 2% on half the total income for year. This would be 2% of $378 or $7.56. Accordingly she is still liable for the difference between $7.56 and the $4.92 deducted at the source.

Lives in Own Home

I own my own home and consequently pay no rent. Should I include as income the money I would pay as rent to somebody else if I lived in a rented house?

No, you do not include in your income the rent you save by living in your own home. It is considered that any income you derive this way is offset by the taxes you pay and the interest you lose by having your money tied up in your own home, instead of having it invested in securities or real estate you could rent to somebody else.

"Making" War Workers — IV

Factory Within a Factory Used To Swell Payroll Rapidly

This is the fourth of a series of articles on how qualified new workers are being "made" by training in war factories and allied industries. Other articles will appear in early issues of The Financial Post.

There is a factory within a factory at the big plant of the Otis-Fensom Elevator Co. at Hamilton. Everything turned out in this inner unit goes into production, measures up in usefulness and standard of finish with the work in the factory proper.

The main object of the special unit, however, is not output of fabricated materials but of workers—trained, qualified workers to handle the growing volume of the company's operations. The Otis plant is taking an active part in the wartime expansion of Canadian industry.

Otis-Fensom has had to face a steadily rising need for men capable of running its batteries of steel working machines, and an almost complete lack of even partly trained men for those and allied jobs.

Like other concerns in a similar position, when the company found it could not hire trained men, it set out to make them—to convert unskilled into skilled or semi-skilled workers by gradually working them into production.

But unlike most other firms, Otis has set up a special unit—impressively equipped and staffed, and operating in a special plant section of its own—to enable the new labor recruits to learn as they work.

The metal working and machining industries loom large in speeding the tempo and expanding the scope of Canada's industrial production under wartime conditions. And they need a particularly high ration of workers who must be at least part-skilled in machine and allied operations. So these industries have had a specially urgent problem in recruiting and training qualified men to turn out the wide variety of metal products required.

Major Project

It was possible to meet the demand for more trained workers last summer by "upgrading" some of the more promising unskilled workers. But this source was limited because only a certain number of men could be drawn upon without disrupting normal production.

As a result of the wider plan conceived, some 200 men have been put through the plant school in from two or three weeks to three months. They have been placed in regular production work, as fully qualified men for the work assigned. And, most important, they were engaged throughout their training period in actual production processes at a rising rate of skill and speed. This is perhaps the outstanding feature of the Otis-Fensom system and school set-up.

Learners' Output Good

Plant officials estimate production volume of work turned out in the plant school is equal to about 50% of that attainable by an experienced crew on the same machines. Because of the care and concentration with which the trainees work, rejects run only 1% of total output from the shop and the passed work ranks on a par with that from the plant proper.

The plant school occupies the entire upper floor of one wing of the Otis plant, and is equipped with 30 brand new machine tool units of the latest type. These will eventually be moved into the enlarged production section of the plant, when the plant school is discontinued after it has served its purpose—building up the required total of qualified workers for the work in prospect. The school has its own office, stock of materials, machine shop, assembly and fitting sections and inspection service. It is a completely self-contained unit.

Started last December, the school unit is expected to have reached its objective—as it appears now—by the end of this year. By then approximately 1,000 men will have gone through the school—working as they learn—and been fed into the regular production ranks of the company. At that time they will constitute upward of 75% of the total working force involved, including supervisors, keymen and the highly skilled machinists, toolmakers, etc., required for certain phases of work.

The total company payroll has grown three and one-half to four times in the past year and jumped 25% since December.

Machine Work

At present there are about 80 men (full capacity) working in the school shop in each of three shifts, the third shift having been added recently. The school started with 50 men in one shift. While most are being trained as machine operators for particular types of machines, specialized work on one or two machines for a single operation is avoided as far as possible.

The school course includes training as a lathe hand, planer hand, and in operation of shapers, milling machines, drill units and grinders, etc. Under sectional supervision the graduates are capable of handling anything each of these machines can produce, not just a single operation.

The trainees also learn assembly work, fitting, inspection, and lay-off—the marking of metal from blueprints to guide the work of the machines. On completion of courses, the graduates (who are paid a base rate of 36 cents an hour while work-learning) are placed in regular manufacturing departments. Depending on the work to be done and the extent of supervision involved, they may be put alongside a skilled operator for a time or left to their own devices from the start.

Before the training programme attained full momentum, it was possible to filter a limited number of technical school graduates into production by putting them on simple machine operations under guidance of regular workers. This was expensive because there was considerable spoilage of work, and time of regular men was diverted.

A special instruction staff was selected from the skilled men in the regular plant, consisting of a chief instructor, a bench work instructor and two machine instructors. Criterion set was that they be skilled tradesmen in their line, able to impart their knowledge to others in simple language, and having patience.

The instructors keep in close touch with the regular plant requirements for additional labor and on the capacities of each trainee. As none of the work done is practice work, and high standards must be maintained, there is little wastage and the men develop into trained workers more rapidly.

While the majority of those taken into the school have been technical school graduates, this has not been an absolute requirement. In addition to the boys who have taken or are taking the course, there are a number of younger men in the 22-26 age group, and some older men taking refresher courses and transferring from one type of industry to another. In fact, the ratio of youths in the lower age brackets is not more than one third of the total of trainees at any one time,

Basic Qualifications

The simple requirements for admission to the school are that the trainee must be a British subject, physically fit for the type of work to be done, sufficiently intelligent and anxious to learn, and not younger than 17. So far the supply of youths and men anxious to take training and get into the plant has been well in excess of demand.

A daily record is kept of each trainee's progress so he can be shifted into regular production as soon as he is ready and there is an opening. He moves through three training grades, and is advanced into regular production in four groupings—D, C, B, A. His pay remains constant in the school but is raised when he leaves and advances as he is successfully upgraded through the production processes.

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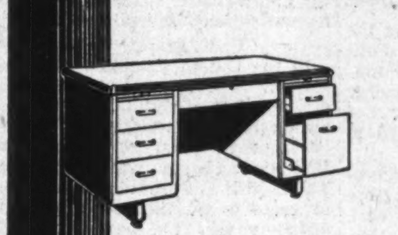

"Better Mouse-Traps"

TO BUILD a better article, whether it be a mouse-trap, a mashie or a locomotive, is difficult enough in these days when to our chronologically biased eye so many things seem to have reached the ultimate in perfection. Be that as it may, whether your product be good, bad or indifferent, this modern world makes very few "beaten tracks" to *anyone's* door. In *this* day you have to *deliver* the goods!

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Mr. J. R. French in his position as General Manager and Financial Director of the City of Verdun, knows that every individual needs financial security—and that Life Insurance is one of the soundest investments for future independence.

Significant is the following statement made by Mr. French: "Before placing my insurance with the National Life, I first of all studied its financial statement which I found very satisfactory. I also considered the good administration of the Company, and the regular dividends which have been paid." Mr. French is another of the prominent Canadians whom the National Life is proud to number among its policyholders.

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Investment Trends

Market Action Hints Unexpected Strength

Recent Moves of Little Consequence in Themselves, Unless Considered in Light of Background of Uncertainty

While action of stock price averages over the past week or two has been stronger, probably the most encouraging thing about this relatively small movement is the fact that it could take place in the face of known dangers. Investors are gradually making up their minds about the combined uncertainties of war, taxes and business controls.

That these are puzzling enough should be clear from the very size of the figures involved in a few instances. Within less than 10 days of the enactment of the Lease-Lend bill in the United States, appropriations totalling $11 billions had been voted, practically without question by Congress, although there may have been an underground feeling that these huge sums were voted without a clear understanding of where the money is to be raised and what the results of both its raising and spending will be. One thing that should be clear, however, is that the United States, like Canada, is heading for maximum output in many lines, something which must have a bearing on earnings and dividend returns.

Then from the war and diplomatic fronts we have to face the likelihood of continued and unknown moves.

* * *

St. Lawrence Waterway

Another matter involving large figures and certain to have wide effects on many Canadian investments is the recent signing of the agreement whereby Canada and the United States undertake to develop the St. Lawrence-Great Lakes system as a waterway and power project. Had conditions today been even as favorable as they were in Oct., 1939, when The Financial Post first published news that negotiations on this project were reopened, many securities would have reacted to the latest news. At that time, it will be remembered, such stocks as Canadian Dredge & Dock, Canada Steamship Lines, Canada Cement and others moved sharply higher.

Now that the scheme is nearing realization, the background factors of the stock market have changed to the extent that investors are less eager to discount this event. But the fact remains that the same appraisal of its effect on securities applies now as then. Canadian Dredge & Dock officials, for example, have more than once told The Post that the only immediate hope for prosperity for them was start of work on this immense scheme.

* * *

What About Power?

There is another important group of Canadian investments where the outlook, in so far as it is determined by the seaway plan, is far from clear. This is the existing wholesalers of power, chiefly those in Quebec province. They are apprehensive of the post-war position of the power supply in Ontario and Quebec when cessation of abnormal war requirements appear likely to leave us with a surplus even without the additional million horsepower to come from the St. Lawrence.

It seems likely that there will be a troublesome adjustment period. One hope is that the very fact that huge supplies of power are available will in themselves encourage the building up of consuming industries. It will need something like this, as normal industrial and domestic growth would likely be slow in absorbing both the expected post-war surplus from present resources and another million or more horsepower as well.

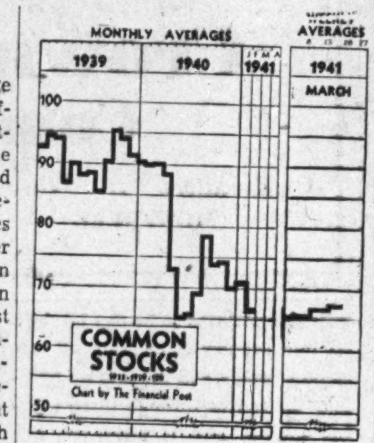
Attitude of investors toward a number of the companies involved in this is likely to be cautious until it is possible to see more clearly where this additional power is going to find permanent use.

* * *

The Result

Thus there are simultaneously acting on investments forces the scope of which have never before been seen. There is the immediate likelihood that the decline in Canadian business indices in February as outlined elsewhere in The Post is only temporary, although war requirements inevitably mean uneven stimuli. There is the tremendous programme in the United States for that country's own defense and aid to the democracies. There is the St. Lawrence scheme, still, however, not to be felt to any extent for some time yet. Finally there is the war itself.

On the whole, assuming confidence in the eventual outcome of the war even while facing the probability of shocks from time to time, the factors working toward great business activity and at least reasonable maintenance of earnings appear stronger.



C.P.R. Report Reflects Changes

(Continued from page 1).

fleet has been requisitioned by the British Ministry of Shipping. Four of the company's vessels, gross tonnage of 78,666, were sunk by enemy action during 1940, and at the end of the year the fleet was reduced to 226,072 gross tons.

Cost of the four vessels lost, aggregating $23 millions, was retired from property investments and this cost, less certain insurance recoverable, was charged against the steamship depreciation reserve.

Set up Replacement Fund

Sir Edward Beattie states this insurance has been put in the steamship replacement fund which, at the close of the year, totalled $18.6 millions. Cash received in settlement of claims, together with interest earned by the fund, has or will be invested in marketable securities until conditions are favorable for replacing the tonnage lost. Ocean and coastal steamships are now carried on the books at $81.8 millions, as against $104.8 millions at the close of 1939.

Investment in railway, rolling stock, etc., increased during the year from $792.3 millions to $826.6 millions. This reflects in part capital expenditures on equipment last year, plus an adjustment of over $48 millions in investment in rolling stock to bring it up to the original cost of the units presently in service.

In respect to the Soo Line, Sir Edward states changes in traffic arrangements were made with that company which, it is estimated, will increase C. P. R.'s net earnings of approximately $400,000 per year on traffic interchanged.

As there is no prospect of realizing any value in the reorganization of the Duluth, South Shore and Atlantic Railway Co. from the $3 millions income certificates of that company issued in 1912, which the C. P. R. holds, this asset was written off against investment reserves.

Reduce Funded Debt

In respect to funded debt, Sir Edward states financial transactions for the year resulted in the retirement, without refunding, of $29.9 millions of bonds, notes and other obligations and in the reduction of $21.9 millions in the amount of debenture stock issued as collateral.

Mention is made of the important part the company is playing in the war effort. An Air Services Department has been organized in co-operation with the British Ministry of Aircraft Production.

In respect to capital outlay for 1941, the company plans to spend over $15.1 millions, of which $9.7 millions will be for new rolling stock: 35 locomotives, 250 twin hopper coal cars, 250 three-hopper coal cars, 500 box cars, 150 automobile cars, 25 conductor stands and 25 first class coaches.

Dealing with co-operation with the Canadian National Railways, Sir Edward states co-operative measures now in effect are estimated to produce an annual net economy of $1,172,000, one half of which accrues to each company. Projects pending, most of which are subject to approval by the Board of Transport Commissioners, are estimated to produce a further joint saving of $705,000 per annum.

U. S. Company Heads May Get Protection

Plan Would Indemnify Them as in Canada and Britain.

By-laws of a number of American companies are being amended out to provide additional protection to officers and directors. Example is the by-law offered for shareholders' approval at the annual meeting of American Locomotive Co., to be held April 15, 1941.

The by-law provides that officers and directors shall be indemnified by the company for costs imposed or expenses reasonably incurred, because of any suit or action brought against them because of their being or having been directors of the company. The indemnification does not apply if the director be adjudged guilty of "wilful misfeasance or malfeasance of his duty as such director or officer."

Follows Dominion Act

The American Locomotive by-law follows closely the provisions of section 91 of the Dominion Companies Act. This provides similar protection, following consent of company shareholders at a general meeting, for officers and directors of Dominion chartered companies, except in cases of wilful neglect or default. It is understood that the majority of such companies have incorporated this provision in their by-laws, often immediately following incorporation.

The Ontario Companies Act does not contain any such provision, and protection to directors can take pretty well any form compatible with common law. Manitoba follows the Dominion Act closely, but does not require the consent of shareholders. Quebec, New Brunswick and Prince Edward Island follow the Dominion Act almost to the letter, require shareholders' consent to the by-law.

British Columbia, Alberta and Saskatchewan follow the practice established in the United Kingdom, tie a few more strings to the indemnification allowed.

U. K. More Strict

In the United Kingdom Companies Act of 1929, by-laws to protect officers and directors, which had grown under common law to a fairly standard form resembling the Dominion clause, were cancelled. The British Act provides that except in cases originating prior to 1930, directors may not be indemnified in any action in whch they are adjudged guilty.

However, in cases where the court deems that there was no wilful neglect on the part of the officer or director, and having regard to the terms and conditions of his appointment, the court may order that the director be relieved of his liability under the judgment.

The British system thus makes allowance for the liabilities of directors who acted in good faith, perhaps only played a nominal role in the company's affairs, even though they be adjudged guilty of negligence, so long as it was not wilful. If a director fears that his actions or those of his company may involve him in lawsuits, he can apply for relief from liability in advance.

Subject to Courts

In the United Kingdom, indemnification can thus be provided, but it must come from the courts, cannot be provided—except where the defendant wins his suit—by the articles of the company itself.

This procedure is followed closely by the Companies Acts of British Columbia, Alberta and Saskatchewan. From the shareholder's point of view it has the advantage of bringing directors before a public tribunal, restricts their power to use company funds for their own protection, in cases where this might be possible. On the other hand it adds somewhat to the period of being an officer or director. It does not relieve the defending director from court costs, where he loses his case, but only from liability under an adverse judgment, and then only at the decision of the court.

The proposed by-law of the American Locomotive Co. specifically deals with court costs and other expenses reasonably incurred, with the result that a director would have no contingent liabilities to fear other than those caused by his own proved, wilful misfeasance.

D. A. Stuart Oil Earns $67,293 in 8 Months

D. A. Stuart Oil Co. reports operating profits of $67,293 for the eight months ended Jan. 31, 1941, after all expenses including estimated income taxes. Net current assets amount to $282,160 at Jan 31, representing a gain during the eight months' period of $43,659.

Profits in the six months ended Nov. 30, 1940, after all charges including estimated income taxes, were $48,793 compared with $92,944 for the same period of the previous year.

Sales continue to be well maintained and the outlook for the balance of the year is most encouraging, states H. A. Greene, president.

Ottawa Policy Hardens On Provincial Finances

Tighter Curbs on Revenue Sources and Spending of Provinces Foreseen as National Need for Funds Soars Upward

From Our Own Correspondent

OTTAWA. — Financial relations between the Dominion and the provinces have surged up as a major factor in pre-budget discussions on Parliament Hill.

The new Federal budget, now expected after the Easter recess, will contain the first Dominion succession duty tax, according to advance reports. In addition to this specific invasion of a hitherto provincial field, the budget more broadly will also outline terms on which provincial finances will be expected to operate for the duration of the war, it is indicated.

Since January's failure of the attempt to settle broad principles of Dominion-provincial relations, Federal treasury officials have been working along new lines in this field.

Attitude Hardens

As Federal financial problems arising from the war have increased, Ottawa's attitude toward the provinces has hardened. The effect of future announcements is expected to be a plain declaration that the provinces must balance their own budgets, avoid benefitting from any boom in revenues due to war expansion and avoid either new expenditures or new taxes.

As Federal requirements expand, and they are doing so rapidly, the provinces are facing diminishing financial limits. The provinces are, in general, co-operating by keeping down expenditures. But the Federal Government is understood to be anxious for a formal understanding with the provinces, that their needs must take second place to national requirements.

Highlights of Situation

The situation is developing along the following lines:

1. After cutting off relief grants, the Dominion is understood to be planning to invade the succession duties field.

2. The four western provinces have been notified in effect that any reduction of their outstanding debt to the Dominion would be acceptable. The total obligation of these provinces stands at $156 millions and the notes are renewable from time to time.

Some sort of "means test" is mentioned as the method to be applied to the provinces in future renewals.

3. Not only have war costs soared beyond the appropriation of $1.3 billion estimate of February, but rapid acceleration in Federal requirements is expected to arise from the British repatriation account. Instead of the $400 millions estimated in February, the total may run to twice that amount or even to $1 billion in the coming year.

Up to Jan. 31 the Federal Government had repatriated $334 millions of British-owned securities. Aside from the practical limits of this policy, the future requirements will expand as each new munitions plant comes into production in Canada, and the output must be kept moving overseas. The fact that a large deficit is being carried by Canada on British account is generally known.

At Port Arthur recently Hon. C. D. Howe forecast an overseas munitions movement from Canada in the coming year of $1.5 billion. The problem of financing this flow of supplies and other forms of assistance to Britain, Ottawa believes, will far outdistance the repatriation programme. The effect will be that Canada is meeting at its own expense a larger and larger share of Britain's war requirements.

Therefore the case for firm action with respect to the provinces is shaping up more sharply every day, according to Ottawa observers, and this will culminate in proposals disclosed in the budget.

Investment Notes

De Havilland Aircraft of Canada—Two construction contracts for de Havilland Aircraft properties at Toronto have been announced by the Department of Munitions and Supply. First contract calls for permanent construction amounting to $200,000, second for $88,000 of plumbing, heating and ventilating equipment. At the same tiime, completion of order for 404 Tiger Moth training planes was announced. Completion of this order was scheduled for 1942.

Fleet Aircraft—Completion of the order for 404 Fleet trainer planes has been announced. Planes were originally scheduled for completion in 1942, but production was accelerated in May, 1940, following a request from the Department of Munitions and Supply.

* * *

Ogilvie Flour Mills — Revenue from investment income for the current year will be affected somewhat by action of Consolidated Bakeries of Canada in reducing the quarterly dividends from 25 cents to 15 cents a share. Ogilvie holds a block of stock in this company.

C. P. R. Depreciation Allowance Up in 1940

From Our Own Correspondent

MONTREAL. — Canadian Pacific Railway's preliminary statement on earnings for 1940 shows a depreciation writeoff of $4,564,786 on account of steamships and $1,402,207 for hotels. This corrects the statement made in last week's issue of The Financial Post that no depreciation had been charged. Actually, the depreciation reserve on the 1940 account was about $730,000 greater than the year before.

Hits Provinces' Tobacco Tax

From Our Own Correspondent

MONTREAL.—Provincial tobacco taxation was attacked by Earle Spafford, president of Imperial Tobacco Co. of Canada, at the annual meeting of shareholders.

The tobacco industry is handicapped by the 10% tax imposed by Quebec and New Brunswick, and war effort of the Dominion Government is not advanced, Mr. Spafford asserted.

The Imperial Tobacco head pointed out that cigarettes which bear a tax of $6 a thousand to the Dominion Government also bear an additional levy of $1.50 per thousand to the Quebec Government. This makes a total tax of 15 cents a package on 20 cigarettes, without taking into consideration sales and other taxes.

Income war tax totalled $2.1 millions during the year, compared with $971,008 in 1939. When $46 millions of customs duty, excise and sales tax has been added to this amount, contribution of Imperial Tobacco and its subsidiaries totalled $48 millions.

The company is granting a war emergency living allowance to its employees, based on the cost of living index, Mr. Spafford announced.

Sound Security
Yielding 4.66%

Massey-Harris Company, Limited, is the largest manufacturer of agricultural implements and machinery in the British Empire.

Income from operations for the 1940 fiscal year amounted to $3,132,159 against $2,471,390 in 1939, an increase of 26.7%, and sufficient to cover bond interest requirements over 5½ times.

Combined fixed assets and net current assets were equivalent to $3,070 per $1,000 Bond.

Massey-Harris Company, Limited
4¼% First (Closed) Mortgage Bonds
Due March 1st, 1954
Price: 96 and interest, to yield 4.66%

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Company Reports

Can. Western Natural Gas

Decreased rates set Dec., 1939, resulted in lower revenue from gas sales of Canadian Western Natural Gas, Light, Heat and Power Co. in 1940. Loss in operating revenues was partly countered by new business obtained and by operating economies. Higher taxes offset this, brought lower net profits after all charges.

Twenty-year, non-exclusive franchise with Lethbridge, Alta., clarified the company's position with its second largest customer. Company franchises in this city, Calgary and other communities are now satisfactory, according to H. R. Milner, president.

Capacity operations are foreseen by Mr. Milner for the coming winter as a result of the establishment of new industries now under construction or contemplated.

Income and Surplus Account
Years Ended Dec. 31

	1940 $	1939 $
Gas sales	2,106,960	2,124,047
Add: Gas transported	20,396	25,319
Gross income	2,127,356	2,149,366
Less: Oper. expense	1,319,547	1,373,466
Depreciation	127,670	159,702
Net oper. income	680,139	616,198
Add: Misc. income	25,473	27,686
Net income	705,612	643,884
Less: Misc. charges	18,526	15,255
Income taxes	249,640	140,205
Net profit	437,446	488,424
Less: Pref. divds.	159,578	163,906
Common divds.	172,000	240,000
Surplus for year	105,868	84,518
Add: Prev. surplus	217,341	200,429
Prior yr. adjust.	......	2,394
Less: Cap. red. res.	70,000	70,000
Prior yr. adjust.	29,227	......
Surplus forward	223,982	217,341
Earned per Share:		
Preferred	$16.67	$18.10
Paid	6.00	6.00
Common	3.47	4.06
Paid	2.15	3.00
Shares Outstanding:		
6% preferred	26,249	26,980
Com., $100 par value	80,000	80,000

Working Capital

	1940 $	1939 $
Current assets	1,182,575	1,077,651
Current liabilities	760,303	576,425
	422,272	501,226

Carnation Co.

Sales of Carnation Co. advanced more than $8 millions in 1940 as compared with 1939. The gain was carried through to operating profits but was wiped out by increases of nearly $400,000 in federal taxes and a rise of some $60,000 in the allowances for depreciation.

In the 1940 balance sheet current assets of the Canadian subsidiary, approximately 7% of consolidated net current assets were adjusted to the exchange rate as of Dec. 31, 1940, while capital assets of this subsidiary were adjusted to U. S. dollar costs at the dates of acquisition.

Consol. Income and Surplus Account
Years Ended Dec. 31

	1940 $	1939 $
Net sales	62,714,630	54,618,182
Operating profit	4,291,635	4,109,211
Add: Int. & divs.	71,684	61,917
Misc. income	8,451	44,751
Net income	4,371,770	4,215,879
Less: Depreciation	963,008	903,772
Obsolescence	30,523	44,746
Interest	10,675	16,142
Federal taxes	971,500	585,173
Loss re sale secs.	21,986	......
Loss re sale props.	12,651	......
Foreign exch. loss	34,257	97,280
Misc. charges	8,143	7,171
Assets reduc'n.	......	53,500
Net profit	2,319,027	2,508,095
Less: Pfd. divs.	146,896	172,033
Common divs.	1,218,682	1,219,202
Surplus for year	953,449	1,116,860
Add: Prev. surplus	6,947,786	5,829,849
Capital surplus	......	13,139
Process tax res.	......	34,408
Less: Prem. pfd. stock red.	203	41,255
Excess cost com stk.	2,481	......
Subsid. p. stk. prem.	......	5,215
Surplus forward	7,898,551	6,947,786
Earnings per Share:		
Preferred: Earned	$78.99	$85.35
Paid	5.00	5.00
Common: Earned	3.56	3.83
Paid	2.00	2.00
Shares Outstanding:		
5% preferred	29,359	29,386
Common, n.p.v.	609,491	609,598

Working Capital

	1940 $	1939 $
Current assets	14,750,674	14,462,316
Current liabilities	4,655,417	4,110,909
Working capital	10,095,257	10,351,407

Stanfield's

Stanfield's Ltd., Truro, Nova Scotia, reports for 1940 a net profit of $137,201 after all charges, including Federal taxes, equal to $13.72 a share on the common stock. This compares with net profit of $129,650 for the previous year, or $12.96 a share.

Balance sheet shows current assets of $1,766,713 and current liabilities of $314,139, leaving net working capital of $1,452,574. This compares with net working capital of $1,359,305 at the end of 1939.

During the year the funded debt was reduced by $20,000 to $120,000.

Barker's Bread

Although sales volume was well maintained during 1940, operating conditions in the baking industry were most unsatisfactory, according to H. B. Manning, president of Barker's Bread Ltd., Toronto. Higher material and labor costs, the 70-cents per barrel flour processing tax, without any upward revision in selling prices, eliminated profits.

The company sold its property at Spadina Avenue and Dundas Street for $50,000 of which a 5½% first mortgage held by the company accounts for $40,000. During the year working capital was reduced by repayment of $35,000 on the principal of the mortgage on the company's property. Balance payable is now $155,000. Notes payable on machinery were reduced from $13,868 to $2,287.

Consol. Income and Surplus Account
Years Ending

	Dec. 28 1940 $	Dec. 31 1939 $
Operating profit	44,055	117,393
Less: Depreciation	42,371	43,823
Income taxes	1,193	12,201
Net profit	491	61,369
Less: Minority divs.	600	600
Preferred divs.	23,960	23,960
Deficit for year	24,069	*36,809
Add: Previous surplus	186,464	149,655
Less: Loss re sale assets	15,212	......
Surplus forward	147,183	186,464

*Surplus.

Working Capital

	1940 $	1939 $
Current assets	241,685	238,341
Current liabilities	250,241	215,291
Working capital	†8,556	23,050

†Excess of liabilities over assets.

Quinte Milk Products

A satisfactory year in 1940, in view of changed conditions, is reported by A. L. A. Richardson, president of Quite Milk Products Ltd., Wellington, Ont. The president stated that it had not been possible as yet to raise selling prices commensurate with steadily increasing costs and taxes.

Following the offering of rights early in 1940, a total of 6,500 added shares of capital stock were issued during the year, increasing the number outstanding to 42,500.

Consol. Income and Surplus Account
Years Ended Dec. 31

	1940 $	1939 $
Net earnings	31,667	41,448
Less: Depreciation	11,210	8,527
Income taxes	6,700	6,723
Res. contingencies	......	7,500
Net profit	13,757	18,698
Less: Dividends	7,850	5,400
Surplus for year	5,907	13,298
Add: Prev. surplus	20,805	7,273
Prof. sale equip.	......	234
Surplus forward	26,712	20,805
Earned per Share:		
Common	$0.32	$0.52
Paid	0.20	0.15
Shs. o/s common	42,500	36,000

Working Capital

	1940 $	1939 $
Current assets	60,364	52,945
Current liabilities	16,305	11,698
Working capital	44,059	41,247

Ault & Wiborg

Ault & Wiborg Proprietary Ltd., makers of printers' supplies and paints, reports a small decrease in net operating profits for 1940. After allowing for the higher taxation this year, however, net profit is equivalent to $3.05 a share on the common against $3.94 a share in 1939. Public interest in the company is largely confined to the preference shares.

A. C. Ransom, president, reports "the first two months of 1941 continue to show an increase in sales and all our subsidiaries are now on a profitable basis." A new product developed last year is expected to add to 1941 profits.

Mr. Ransom reports that "due to unsettled conditions in the Far East, it was deemed advisable to liquidate our interests there, and this has been practically completed on a very satisfactory basis."

Consol. Income and Surplus Account
Years Ended Dec. 31

	1940 $	1939 $
Operating profit	229,718	230,366
Add: Invest. income	15,653	19,161
Less: Inc. & E. P. tax	83,293	46,107
Net profit	162,078	203,420
Less dividends:		
Preference	24,728	26,130
Common	90,000	117,000
Surplus for year	47,350	60,290
Add: Prev. surplus	249,630	189,652
Less: Additional taxes	13,998	......
Invest. w/o to mkt.	48,658	......
Prem. on pref. red.	......	312
Surplus forward	234,324	249,630
Earned per Share:		
Preference	$36.05	$45.24
Paid	5.50	5.50
Common	3.05	3.94
Paid	2.00	2.60
Shares O/s.:		
Preference, $100 par	4,496	4,496
Common, n.p.v.	45,000	45,000

Working Capital

	$	$
Current assets	890,071	874,854
Current liabilities	141,526	104,664
Working capital	748,545	770,190

Tampax Inc.

Sales of Tampax Inc., New York, and its Canadian subsidiary, Canadian Tampax Corp., were higher for 1940 than in 1939. Dollar value was lower, however, owing to price reductions in the U. S. in April. Volume and value of sales were both higher in Canada.

Management expressed disappointment that sales were not greater in 1940, but indicated the possibility that the jump in 1939 sales was abnormal, and that henceforth the period of rapid growth would give way to more gradual progress.

Consol. Income and Surplus Account
Years Ended Dec. 31

	1940 $	1939 $
Gross profit	746,927	864,581
Other income	10,875	22,656
Total income	757,802	887,237
Less: Expenses	530,904	567,223
Depreciation	11,103	10,287
Amort. equip. lease	2,552	4,632
Amort. patents	64,705	74,049
Operating taxes	19,440	22,620
Income taxes	28,511	30,898
Exch. loss	855	2,040
Interest	1,307	3,859
Net profit	98,425	171,629
Add: Prev. surplus	137,987	*33,642
Prior yr. credits	5,570	......
Less: Prior yr. taxes	1,000	......
Surplus forward	240,982	137,987

*Deficit.

Earned per Share:		
Common	$0.33	$0.57
No dividends paid.		

Working Capital

	1940 $	1939 $
Current assets	313,924	290,305
Current liabilities	189,277	187,487
Working capital	124,647	102,818

Dom. Engineering

Dominion Engineering Works Ltd. operated at capacity in the past year and revenues of $1.2 million compare with $53,075 the year before. The operating profit was larger than for any year since 1928, but owing to larger provision for depreciation and sharply higher taxes, net profit of $209,809 was smaller than in 1928, but was the best since 1930. Profits were equal to $1.67 a share on the common stock, as against a deficit of $1.02 a share the year before.

The balance sheet as at the end of last year shows stronger position, with net working capital of $1,696,823, as against $1,406,692 at the end of 1939. Holdings in cash and Government bonds show relatively little change, while investment in plant increased by around $290,000 to $2,789,227, after deduction of depreciation. Work in progress at the end of the year amounted to $847,993, as against $132,304 a year ago, while inventories are up nearly $500,000 at $1,182,114.

During the year a bank overdraft of $181,467 was liquidated. Accounts payable now stand at $1,779,679 as against $626,241. Payment owing on properties, a new item, stands at $352,500.

Income and Surplus Account
Years Ended Dec. 31

	1940 $	1939 $
Operating profit	1,180,883	*30,642
Add: Inv. revenue	19,619	35,066
Sundry	3,825	†48,651
Total earnings	1,204,327	53,075
Less: Execut. sals.	42,155	31,000
Directors' fees	10,060	5,930
Legal fees	3,042	2,189
Dev. & research	12,988	20,204
Depreciation	396,273	121,332
Inc. taxes, etc.	530,000	......
Net profit	209,809	*127,580
Add: Prev. surplus	897,701	1,025,281
Surplus forward	1,107,510	897,701

†Profits on investments realized.
‡Profit on equipment sold.
*Loss or deficit.

Working Capital

	1940 $	1939 $
Current assets	3,476,502	2,214,401
Current liabilities	1,779,679	807,709
Working capital	1,696,823	1,406,692

MOTHERS AND FATHERS
UNDERSTAND

Fun-loving and lively, racing home for that snack they have been thinking about for the last half-hour in school. Certainly, Mother will be there; and she will always want to be when these youngsters come home.

The girls will come skipping in anytime, hungry and bursting with that small talk they think is so important that Mother should hear it. Dad will hear all about it later.

Dad is very fond of this family of his. More than once he has thought back to that chat with a friend who seemed to feel so much satisfaction because he had made a properly-planned Will and made sure of the future protection of his wife and family.

Dad remembered that talk because he had been impressed with the arrangements this friend had made under his Will. Later on he talked over his own ideas with us and looked into this matter of appointing an experienced executor to manage his estate.

Now he knows that should he pass on, particularly while his family are still of younger years, their Mother will always be free to give them her full, loving care—entirely relieved of the worrying business of making the estate earn a living for them. That will be the responsibility and duty of this Trust Company.

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Market Opinions

Imminence of expected renewal of war on a larger scale, as well as developments in business and finance, keep investment confidence low, but most comment sees somewhat greater strength in the latter factors.

Barron's, N.Y. (The Trader)—The usual market influences of business activity, earning power and dividends, are rigorously ignored. Taxes are of paramount consideration. In reality what frightens Wall Street is not so much the trend of the war but whether the United States can remain out of the conflict. On that score a defeatism—akin to the disbelief in the effectiveness of British resistance last fall—persists. Until it is dissipated by some means or other, apprehension over wartime socialism will probably prevail. Yet the market has had all this in mind ever since the famous Charlottesville "stab-in-the-back" speech, and, so long as it holds its own, the message is of ultimate confidence in the outcome for American equities.

* * *

Brookmire Counselor — Earnings reports so far available for the early months of this year lend confirmation to the views that sizeable profits can be, and are being, reaped by many corporations despite all the existing obstacles. Market sentiment is sobered, however, by the thought that the arrival of spring may bring the world to the eve of more disquieting developments of the war. With spring now at hand, still closer vigilance of war happenings is required; but the expansive and inflationary uptrend warrants the client in maintaining portfolios well balanced in sound companies of promising industries.

Significant Investors' Index Numbers

(Base 1935-39=100)

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg., mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's. 95
1929-40:*												
High	345.7	564.5	322.3	212.5	168.2	123.2	163.1	202.1	297.5	160.9	329.3	180.7
Low	68.5	49.5	63.6	46.5	76.0	76.9	67.0	71.2	68.2	84.6	68.4	64.0
1941:												
Monthly Figures:												
Jan.	77.6	74.1	72.3	51.6	110.6	96.8	104.3	84.0	75.4	94.7	77.3	71.3
Feb.	72.9	63.8	69.5	46.7	105.0	90.1	96.6	77.3	68.8	90.9	71.3	66.5
Weekly Figures:												
Mar. 6	72.1	61.5	69.8	48.7	101.7	87.6	93.7	75.0	67.0	90.2	70.0	65.8
Mar. 13	73.0	63.7	69.7	49.0	103.0	88.8	93.6	75.5	66.3	89.7	70.2	66.3
Mar. 20	74.4	66.3	69.2	49.9	102.5	88.1	93.8	79.6	67.6	89.7	71.2	67.2
Mo. ago	72.3	63.0	68.6	48.2	104.2	87.3	94.7	76.5	67.8	90.7	70.5	65.5
Yr. ago	106.2	109.5	113.5	77.8	134.7	114.8	107.4	104.2	91.8	103.5	92.2	89.9

*High and low for year from 1929 to 1940 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indust.	20 Golds	10 B.M.	15 W.O.
Mar. 25	94.28	101.63	63.75	19.28
Mar. 24	94.37	101.60	63.67	19.21
Mar. 22	94.01	101.07	63.46	19.17
Mar. 21	94.09	101.47	63.51	19.17
Mar. 20	94.53	101.86	63.76	19.25
Mar. 19	94.17	101.17	63.82	19.06
Month ago	90.63	98.48	62.50	18.95
Year ago	122.77	113.77	81.25	29.29
High 1941	103.48	109.76	69.33	21.62
Low 1941	89.33	97.36	62.40	18.80

Montreal Stock Exchange Averages

	10 Util.	20 Ind.	30 Chd.	10 Pprs.	15 Golds
Mar. 25	48.8	57.9	54.8	68.32	76.32
Mar. 24	48.9	57.9	54.9	68.10	76.18
Mar. 22	49.3	58.0	55.1	68.63	76.17
Mar. 21	49.4	57.9	55.1	70.57	75.83
Mar. 20	49.4	58.7	55.6	70.65	76.17
Mar. 19	49.0	58.7	55.5	72.55	76.25
Month ago	49.1	55.1	53.1	61.02	75.95
Year ago	66.2	86.2	79.5	128.31	88.81
High 1941	54.3	66.4	62.3	82.25	79.99
Low 1941	48.1	55.1	53.0	61.03	75.77

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Bond Tenders

5 p.m., Mar. 31—School Mun. of Lachine, P.Q.—$19,000, 4½% bonds, dated Apr. 1, 1941, redeemable from Apr. 1, 1942 to Apr. 1, 1964. A. St-Denis, sec.-treas.

Mar. 27, **Drummondville, P.Q.**—$99,000, 4% due Apr. 1, 1942-61; $19,400, 4% due Mar. 1, 1942-60.

5 p.m., Apr. 7, **Granby, P.Q.**—$125,000, dated Apr. 1, 1941, redeemable serially from Apr. 1, 1942 to 1961. Separate bids asked for 3½% bonds and 4%. A. Montfils, sec.-treas.

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Bond Markets

Idle Funds Return To Buoy Up Markets

Strength in High Grades, Treasuries, Carries Through to Speculatives as Investors Wait For War Loan — Quebec Loan Sold

The theory that large supplies of idle investment funds must ultimately find an outlet and bring higher security prices has gained some support from recent market action.

Widespread savings for the coming war loan seem to have resulted in a piling up of cash in insurance company coffers, industrial treasuries and many private accounts. These funds, being more or less definitely earmarked, were not expected to have much influence on the general bond market. The possibility that they would be used to buy treasury bills maturing before the war loan offering date was foreseen. New highs since the outbreak of war in Dominion treasury bills, entry of Toronto and St. Catharines into the municipal treasury bill field, indicate that this has come true.

Long-term Dominion bonds have also been finding new highs, which would appear to indicate that some of the holders of idle funds have become impatient.

* * *

Back to Work

Whether earmarked funds will enter the market on any important scale is difficult to determine, but the longer secrecy is maintained regarding the date and amount of the next war loan, the greater will become the pressure to put idle money to work. Preceding the last two loans, there was fairly general strength in evidence throughout security markets. While there is currently little showing in the way of a general advance, the bond market has recently proved receptive to favorable news regarding two speculative issues.

First of these was the case of Burns & Co. 5's of 1958, which rallied early in the year to around the 60 mark as a result of amalgamation rumors. Later, after a reaction, the bonds climbed back to around 63 on the confirmation that Burns would hook up with Dumarts of Kitchener. Both run-ups involved a gain of around 10 points, and the later rally has been maintained.

* * *

Western Grain

More recently, Western Grain Co. 6's of 1949 advanced some 10 points to around 60 on the strength of reports that the company would make a $10 cash payment per $1,000 bond and issue $1,200 in new 5% bonds to replace the existing 6% bonds now four years in arrears of interest. It was later disclosed that no official plan is yet being offered to bondholders, that while a plan has been drawn up, it awaits the approval of British holders, estimated to control 25% of the outstanding bonds, before it can be put into effect. Despite this damper, the bonds have held their advance.

Bond dealers state that neither of these rallies brought buying on a large scale, but the fact that Western Grain bonds are in new high ground since the outbreak of war, and the Burns 5's are well above their former 1941 high seems to indicate that there is no very heavy selling pressure in the speculative bond field. Less spectacular gains in other securities tend to confirm this.

* * *

U. S. Baby Bonds

On May 1, 1941, the United States will begin its war savings plan. A new issue of postal savings stamps, three new defense savings bonds become available on that date. Two of the new bond issues will be sold at a discount as in the case of war savings certificates in Canada. Intended primarily for the private investor, the new bonds are not transferable, must be held to maturity if their yield is to compare with that available on other U. S. treasury issues.

Since the U. S. has a capital gains tax, the limit which can be bought is not kept down to $480 per annum as in the case of Canadian war savings certificates, where the holder's income, in the form of capital appreciation, is exempt from tax. Instead, the U. S. individual can purchase up to $55,000 of the new bonds, while corporations can buy up to $50,000.

* * *

Three Classes

First of the three issues, the defense savings bond, sells at 75% of face value, yields 2.9% if held to maturity and is redeemable at lower yields at the holders option in advance of maturity, which is 10 years from date of issue. Up to $5,000 can be purchased in any year.

Second, series F savings bonds, are sold at 74% of face for a 12-year period and can be purchased in amounts up to $50,000. The bonds yield 2.53% if held to maturity and can also be redeemed in advance, at a lower rate. The third class of security, the series G savings bonds, differs from series F in that interest is paid at the rate of 2½% by cheque semi-annually. Like the other issues, series G bonds are redeemable before their 12-year maturity at prices lower than face.

* * *

Flood of Redemptions?

Aside from differences in the amounts that may be purchased the U. S. defense bonds are similar to Canadian certificates, designed to tie up savings for duration; permit the Government to borrow without expanding the credit base. In common with the Canadian plan they also add a contingent liability to the Government's balance sheet. At the holder's option, the Government may be called on to redeem any amount so borrowed on short notice. While the notice required is 90 days in Canada, 30 days in the U. S., the amounts to be redeemed cannot be predicted in any year, and may involve fiscal headaches if this form of financing grows to the expected large proportions.

* * *

Quebec Loan Sold

Books of the syndicate underwriting Quebec Province's $15 millions loan have been closed, several weeks from the offering date.

In view of the marked betterment in its financial position the length of time required to sell the loan must have been disappointing to the province and underwriters.

The open-end issue was offered at an inopportune time. Shortly before it was made, the Dominion-Provincial conference had collapsed with results detrimental to the price of provincial securities.

The Dominion Minister of Finance warned that the provinces would have to revise radically their financial plans, and face encroachment by the Dominion in the field of taxation.

All provincial obligations suffered as a result of the Dominion-provincial showdown and Quebec was placed in the position of being a test case.

Results would indicate the provinces cannot borrow at will with record Dominion requirements in the background.

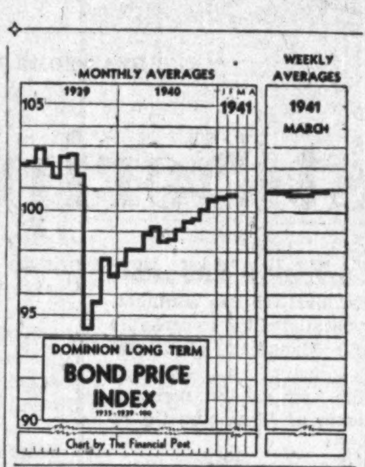
* * *

Bond Index

Recovering from the decline of the previous week, the D.B.S. index of long-term bond prices returned to 101 for the week ending March 20, 1941. A week earlier, the average was 100.9, and a year ago the average was 2.8 points below the corect figure at 98.2.

DOMINION OF CANADA
Long-term Bond Index

	Weekly average Mar. 14-20	Preceding week Mar. 7-13	Weekly average year ago
Price	101	100.9	98.2
Yield	95.8	95.9	101.7



Montreal Trams Records Deficit

Commission Reports Gain in Traffic, But Income Under City Rental

From Our Own Correspondent

MONTREAL.—Despite an increase of 8.06% per cent in passenger traffic in 1940 compared with 1939, there was still a deficit on operations according to the Montreal Tramways Commission.

Gross revenue for the past year totalled $14,205,796, an increase of $1,005,528 over the previous year, but expenses were higher and the deficit was $466,662 as against $929,160 in 1939.

The increase of $543,029 in expenses was attributed to higher wages, increased taxation and higher cost of materials. Operating costs in taxes were placed at $7,606,639.

As allowances for maintenance, renewals and depreciation, $2,367,848 was set aside by the commission, but as there was a reserve in this fund at the end of 1939 and there had been accrued interest, the maintenance and renewal fund had a balance of $350,573 at the end of the year.

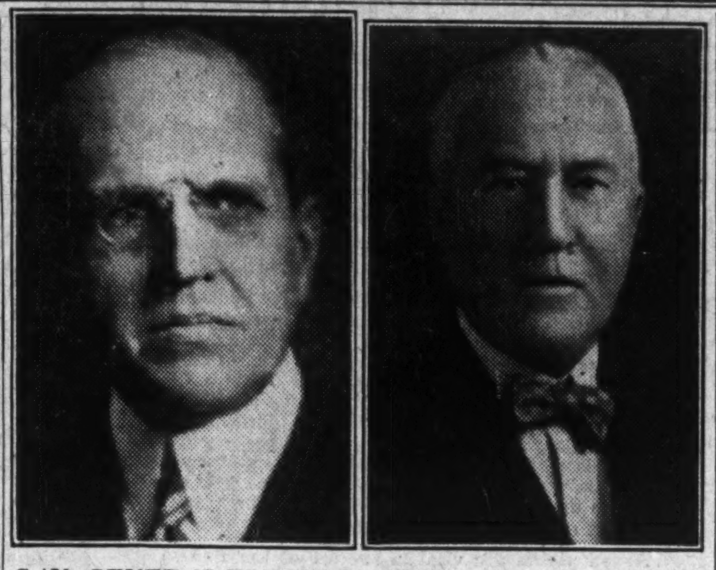
No Rental for City

Under the contract with the city, the company received as an operating profit $67,623, representing one eighth of 1% of the average capital value.

Fixed assets of the company in 1939 were placed at $54,105,862. This had been reduced to $53,478,144 at the end of last December. The return to 6% on fixed assets paid to the company amounted to $3,245,919, and that of 6% on the working capital, $6,428. The company also received $214,769 on account of arrears of interest accrued since 1938, leaving $51,781 of accrued interest not yet paid.

The commission states revenue was insufficient to allow payment of the annual rental of $500,000 to the city. The company, however, paid the city $760,408 in snow removal and taxes; $55,691 to other municipalities, and $296,539 to the provincial government.

Passengers carried totalled 255,764,051 and the company purchased 39 more cars and 50 modern buses were ordered in October and November, bringing the total to 277.



CAN. GENERAL ELECTRIC HEADS CHANGE

D. C. Durland (left) has been elected chairman of the board of Canadian General Electric Co. Ltd. and will continue to serve as president of the company. In the office of chairman he replaces Albert E. Dyment (right), who is retiring but retains his position on the board. Stephen Haas retires as vice-president but continues as director. J. J. Ashworth, former general manager, retires as director. Mr. Dyment has been chairman since 1925 and is vice-president of the Royal Bank of Canada and a director of Shawinigan Water & Power Co., Canada and Dominion Sugar Co., Montreal Trust, Famous Players Canadian Corp., Canadian Bronze Co. and Canadian Marconi Co.

Massey Board Pledges Reorganization Study

The Massey-Harris Co. annual meeting was featured by determined efforts from preferred shareholders to obtain from directors promise of specific action regarding a capital reorganization and payment of dividends.

J. A. Gairdner, Toronto, finally stated his intention of seeking the required 10% of shareholders to back him in calling a meeting, if directors do not take definite steps within 90 days.

Directors of Massey-Harris Co. decided last year to leave the question of reorganization of the company until the spring of 1941, J. S. Duncan, president, told shareholders. He anticipated considerable discussion regarding the company's financial position by pledging that: "It is the intention of the board of directors to continue to study the question of capital reorganization at the earliest possible opportunity after this meeting."

Regarding dividends on the preferred stock, which are in arrears since 1930, Mr. Duncan stated that "any payment of dividends during the year 1940 would have hampered our development and restricted our operations" he went on to point out that "it would have been unsound and against the interest of the shareholders to recommence the payments of dividend during 1940."

Gairdner Leads Opposition

The campaign for some action on reorganization and dividends was led by J. A. Gairdner, Toronto, supported by E. J. Bennett and A. W. Holmested. This group attempted to have the directors set a definite date when they would have something to present to shareholders. Mr. Gairdner stated he was appearing on behalf of 870 holders of $3,765,000 par value of preferred stock and 65,203 common shares. The company has $12 millions of preferred and 739,622 common shares outstanding.

Mr. Gairdner, senior partner in the Toronto investment firm of Gairdner & Co., stated that his firm had sold 90,000 shares of Massey-Harris preferred, "a very large proportion of which we and our clients still own."

Seeks Representation

He asked that the annual meeting:

1. Place on the directorate three representatives of his group of preferred shareholders.

2. That the management assure the meeting it will call, within 60 days, a special meeting at which a plan of reorganization will be submitted.

His group, he claimed, did not seek control of the company or any change in management. He maintained that the company's policy with regard to dividends and a reorganization had unduly depressed the market value of its shares, and that present earnings would permit further strengthening of financial position while paying some dividend.

If the company felt it was best to retain working capital in the business, then, he thought that preferred shareholders should get some security equivalent in value to the amount of the dividends so retained.

Shareholders re-elected former directors and added C. N. Appleton, secretary of the company, and H. B. Housser, Toronto, to the board.

Operations Reviewed

Mr. Duncan said the company's Canadian factories were busier than at any time since 1929. Introduction of the quota marketing system in Canada last year retarded collections, but substantial payments are being received as grain is delivered. For the current year, the Government's wheat policy and favorable moisture conditions "justify the expectation of a normal demand for implements."

In the United States, activity was satisfactory last year and the Batavia plant reached activity not seen since 1929. In that country, he said, "prospects appear promising and we look forward with optimism to the continued development of our business in that country."

Record Sales in Britain

The intensive wartime agricultural programme in England boosted sales to record levels last year and the demand is continuing. In South Africa and New Zealand agricultural conditions continue satisfactory. Markets formerly supplied in South Africa by German and other European sources had come partly to Massey-Harris. In the Argentine, the problem of exporting wheat and corn surpluses still overshadow the future. New Zealand prohibited importation of hay rakes, plows and all types of tillage implements last year but the company made arrangements to handle the products of P. & D. Duncan, Ltd., a leading New Zealand maker.

Regarding war work, Mr. Duncan stated the company is engaged in several enterprises. "The margin of profit on the war work which the company has undertaken is of necessity small, and rightly so. Nevertheless, the current year's operations should show an appreciable benefit from this source," he told shareholders.

Ottawa Lists War Burden

Estimate of war expenditure in the year ending March 31, 1942, of "non-war" departments for war purposes at placed at $23.8 millions by Finance Minister Ilsley. This does not include war and defense, national war services and agriculture expenditures.

Largest increase in normal department expenditure attributable to war is shown in estimates for R. C. M. P., which asks $4 millions additional.

Largest war burden assumed by a "non-war" department is that provided for the department of labor. Estimates place the war burden at $4.9 millions, $3.9 millions of which is payment to the provinces for training of workers for war industry.

War Costs Listed

Estimates for 1942 by departments and services follow:

Auditor general	$ 72,000
Civil service com.	216,823
External affairs	288,500
Finance	2,034,513
Fisheries	603,000
Justice	79,260
Labor	4,878,404
Mines and resources	657,245
National revenue	5,600
Pensions and nat. health	3,804,900
Post office	495,085
Privy council office	6,380
Public works	4,183,100
Prime Minister's office	11,500
R.C.M.P.	4,045,691
Secretary of state	231,134
Trade and commerce	308,015
Transport	838,362
Government enterprises	1,095,000
	23,814,511

Increase Routine Functions

Provision of $600,000 is made by the fisheries department for marketing of canned lobster.

Wartime Prices and Trade Board is awarded $298,704.

Postal censorship costs are estimatedat $495,085.

The Government expects to spend $100,000 on loans to the merchant marine in 1942, and provide $995,000 to the National Harbors Board.

Montreal Tax May Be Cut

Income Levy Revision Recommended — To Be Dropped in 1942

From Our Own Correspondent

MONTREAL. — Although Montreal's personal income tax will be dropped May 1, 1942, taxpayers are awaiting clarification of tax to be paid to the municipality this year.

Quebec Municipal Commission, which controls administration of Montreal since it defaulted on its obligations, has recommended that city income tax be revised downward.

Elimination of the Montreal income tax has been promised on numerous occasions by the Hon. J. Arthur Mathewson, provincial treasurer.

The city levies a tax of 10% on $200 of net amount payable in income tax to the Dominion Government; 15% of the net amount up to $400, and 20% thereafter.

B. A. Oil Refinery Meets Opposition

Strenuous objections are being voiced by residents and owners of property along the lake shore near the Clarkson-Oakville area west of Toronto against establishment of a large oil refinery in that district by British-American Oil Co. The Lake Ontario shores in that area have been built up as a residential district. Latest move has been formation of a property owners' protective association and a petition has been signed asking the provincial government to keep unwanted industries out of the district. Active in the fight are Ryland H. New, John E. Hammell, Wilfred Cox, Allan Ross and others.

Authority for construction was granted by the oil controller on the grounds that Canada's capacity to refine lubricating oils is inadequate.

Soo Line Reorganization Plan Sent to Court

From Our Own Correspondent

MONTREAL. — The Minneapolis, St. Paul & Sault Ste. Marie Railway, now in bankruptcy and formerly controlled by the Canadian Pacific Railway, has filed with the courts a plan of reorganization. It involves a sharp writing down of fixed charges and elimination of the general creditors' and stockholders' interest in the present company.

The proposed new capital structure for the Soo Line will consist of $2,663,829 of present equipment obligations; $8,051,631 of 4% first mortgage fixed interest bonds; $20,129,076 of 4% general mortgage, non-cumulative, contingent interest bonds; and 719,319 shares of no par value common stock.

Payment of interest on general mortgage bonds would be contingent upon earnings, and subject to prior fixed charges and $250,000 a year for a capital fund to be set aside for improvements.

Cut Fixed Charges

Obligations bearing fixed interest would be reduced $120,052,333 and annual fixed interest charges would be reduced from present $6,577,907 to $322,065 under the plan. Total annual fixed and contingent charges for the capital improvement fund would be $1,432,080.

The plan provides holders of present and first consolidated mortgage bonds would receive $38.77 in cash and $117.50 in new first mortgage bonds, $293.75 new general mortgage bonds and 7¼ shares of no par common stock for each $1,000 principal amount of bonds. Holders of bonds with interest guaranteed by C. P. R. would receive $37.12 in cash and $112.50 in new first mortgage bonds, $281.25 in new general mortgage bonds and 6.94 shares of common stock.

Holders of second mortgage bonds would receive 10 shares of common stock for each $1,000 bond, including any claims for arrears of interest.

Holders of first and refunding mortgage bonds would receive 6 1/20 shares of common stock for series "A" bonds and five shares for series "B" bonds.

Wisconsin Central Involved

In addition, holders of first refunding mortgage bonds would receive their distributive share of $10 million Wisconsin Central Railway first and refunding mortgage bonds, which are now pledged as collateral for the Soo first refunding bonds.

Shares of Wisconsin Central common stock, securing the 25-year 5½% gold notes of 1949, are to be delivered to holders of the notes; with similar treatment for the Wisconsin Central preferred stock securing the Soo's leased line 4% certificates.

Because of the dependence of the Soo Line on the traffic interchange arrangement with the Canadian Pacific, the plan includes an agreement between the new company and the Canadian Pacific continuing until Dec. 31, 1950. Up to this time the Canadian Pacific Railway would have the right to purchase 25% of new shares allotted to others than the Canadian Pacific at $2 a share. This right would expire at that time, but if exercised prior to that date, the traffic agreement would be extended to Dec. 31, 1958, and thereafter from year to year until cancelled by either party.

C. P. R. INTEREST IN SOO LINE

Present Holdings		*After Reorganization Cash	First Mortgage	General Mortgage	Common Stock
$		$	$	$	sh.
5,106,000	1st consol. bonds	189,535	5,744,250	1,436,062	35,422
3,000	2nd mortgage	......	......	......	30
621,500	†1st refund. series B				
6,162,245	†Notes (R.F.C. issue)	......	......	......	78,117
4,989,000	†6% secured notes				
571,512	Notes (R.R.C. issue)	604,184	......	......	......
8,500	25-yr. 5½% secured gold notes▲	......	......	......	......
1,144,000	4% leased line cert.♦	......	......	......	......
70,000 sh.	Preferred	......	......	......	......
127,235 sh.	Common	......	......	......	......
	For interest paid	......	......	......	25,127
To C. P. R.	....	793,719	5,744,250	1,436,062	138,696
Total to be issued	....	3,305,121	8,051,630	20,129,076	719,319

Approximate.
†Entitled to distributive share of $10 millions W.C.R. 1st refunding mortgage bonds.
▲Collateral surrendered. ♦W.C.R. preferred collateral surrendered.
Note:—C.P.R. has option to purchase 145,155 shares.

Does Quebec Plan Public Hydro

(Continued from page 1)

expropriation of Beauharnois and through the fact that the Dominion will contribute about $8 millions toward cost of dredging work, necessary in order to make more power available at Beauharnois.

Nothing is said about the fact that when Beauharnois is taken over by Quebec, the government will lose an annual revenue of more than $500,000.

Last year Beauharnois paid this much into the provincial treasury made up of corporation taxes, water rentals and a royalty on power produced. Capitalized at 5%, this represents a principal sum of $10 millions, or $2 millions more than the province receives from the Dominion Government.

Just how the province would reimburse itself for the loss of this revenue and at the same time reduce rates, is not quite clear.

What concerns the power companies, both privately-owned and publicly-owned, and those holding utility securities, is what is going to happen to the power industry after the war, particularly in the Provinces of Quebec and Ontario.

When the war started there was a very considerable surplus of energy available in the two provinces; at least in Quebec, where it was held for delivery to Ontario Hydro for the operators' own account.

If work is proceeded with immediately on the St. Lawrence development, Ontario will have an additional million h.p. in another five or six years. In the meantime Beauharnois will have added another 300,000 h.p. to its installation.

Just now there is no surplus; a market exists for nearly all the power available in the two provinces.

This is due to war conditions. When the war is over, some of these power-using wartime industries will be closed up and several hundred thousand horsepower of electrical energy will be thrown back on the market.

Including Ontario's share of the St. Lawrence development, it is not impossible that with the war ended, there will be a surplus of close to 1½ million h.p. of electrical energy in Quebec and Ontario by the time the St. Lawrence project is brought into operation.

What is going to be done with this power? That is a problem which is giving the power companies in Quebec very serious thought. The increase in domestic and industrial load, even under normal circumstances, will account for only a small proportion of the power made available and to be made available since the war started

The Quebec operators preferred not to have the St. Lawrence development at this time. They regard the Ontario-Quebec power outlook with apprehension.

REDEEMS PREFERRED

From Our Own Correspondent

MONTREAL.—McColl-Frontenac Oil Co. has advised the Montreal Curb Market that 612 shares of its 6% preferred stock have been purchased for redemption and cancellation. With the redemption, total number of preferred shares outstanding will be 77,092.

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Municipal Finances

Orillia, Ont.—An excess of current revenues over current expenditures in 1940 resulted in an operating surplus at $2,212 for the Town of Orillia. Net debt was reduced to $388,656 at the end of 1940, compared with $451,672 a year earlier. Net debt, which now amounts to $42.37 per capita has been steadily reduced from the peak figure of $787,225 in 1932, equivalent to $93.80 per capita. Current debt is 7.94% of the town's total assessment. In 1932, it was 16.27%.

* * *

School Commission of Quebec West — Reorganization plan being submitted to debenture holders on April 23, 1941, at Quebec, calls for exchange of existing debentures into new obligations dated Dec. 1, 1940, maturing Dec., 1955. The new obligations will bear interest at 2% for the first five years, 2½% for the second five years and 3% for the balance of the term. Interest due and accrued on existing obligations will be restricted to the rate of 2% payable in four equal annual installments. The municipality was placed under the control of the Municipal Commission of Quebec on July 12, 1933. Principal involved amounts to $36,000.

* * *

Township of Taché, Quebec—A plan of reorganization will be submitted to the creditors of the Township of Taché in Chicoutimi County, Que., on April 23, 1941, at Quebec City. Plans call for the exchange of new debentures to an amount of $68,000 bearing interest at the rate of 2% payable June 1 and Dec. 1. They will be dated June 1, 1940 to mature June 1, 1950. Back interest is to be cancelled under the plan.

* * *

Toronto—For the ninth year in succession the assessment for the City of Toronto has been reduced. Total reduction since 1932 amounts to $113 millions leaving the assessment for 1941 at $951 millions. Majority of public utilities operating in the city showed a decrease in assessment for tax purposes. Exception was the property of Bell Telephone Co. of Canada, for which assessment rose $122,104 to a figure of $11.9 millions for 1941.

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Randolph Hotel .	6½%	1947	May 1	105
Ames Holden Tire	*7%	1943	May 1	105
Viceroy Mfg. ...	4½%	1952	July 1	103
Cons. Press	6½%	1949	June 1	103
Shawinigan W. .	†3½%	1946	May 15	101

*Drawn by lot $22,300. †$3,000,000.

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The Editorial Page . .

The Waterway as a War Measure

The correspondence between Mackenzie King and President Roosevelt makes two points very clear.

1. That Canada did not desire to divert from the war effort the resources that would be needed to go ahead with the St. Lawrence power-seaway project at this time.

Mr. King said:

> "The growing intensity of the war operations and the apprehension that still more serious perils will have to be faced in the very near future necessitate the most careful examination of any proposed expenditure from the point of view of public needs and in the light of war requirements."

2. That Mr. Roosevelt regards the Seaway-Power project as an important phase of the American defense programme. That is why he insisted that it be gone ahead with at this time.

Mr. Roosevelt said:

> "While our countries must put forth maximum immediate defense effort, we must also prepare for the possibility of a protracted emergency."

He went on to indicate that St. Lawrence power might be vital to meet expanding industrial needs, particularly in the aluminum field, while the waterway would provide an outlet for naval and cargo ships constructed in Great Lakes shipyards.

The President does not regard a long-term project of this character as one to be deferred. He pointed out that U. S. was today appropriating money for naval vessels which would not be ready for service until after the St. Lawrence undertaking was completed.

In brief, Mr. Roosevelt was insistent on having the project go ahead and Canada had little choice but to accede. But this "give and take" operates both ways. Canada's agreement to proceed with the project as a "war measure" gives us, we may hope, the assurance of friendly and generous assistance from United States in meeting our own defense problems.

Probably the most serious of these problems is that of acquiring the dollar exchange to meet our bills in United States for planes, raw materials and machine tools.

If we are to be partners in the joint defense of North America we have to fit into American plans and the United States in turn will no doubt feel it must help us to carry out our plans as well.

In the light of Mr. Roosevelt's policy of all-out aid for those who are in the front line of this battle for freedom there is reason to expect that Canada will receive from time to time a sort of "aid" it most needs. The aid we may be needing most before this year is over is American dollars to meet our American bills.

We have given Mr. Roosevelt his waterway. Let us trust he will see that we get access in some way to American credit.

No Authority Without Responsibility

The idea of "authority without responsibility" seems to be the great goal of men who enter into government work. But no man and no government company can have that kind of "free hand."

So says Hon. C. D. Howe.

There can be no objection on the part of anyone to this statement by the Minister of Munitions and Supply. But no one has suggested that any man be brought into war supply, or any Crown company be set up, to determine budgets, place orders and pay bills without specific authority from the Cabinet.

What has been suggested, in The Financial Post and elsewhere, is that, under the authority of the minister, the present efforts to make use of the services of experienced businessmen in war supply should be carried to their logical objective. This is a vastly different thing from suggesting that someone be given a free hand to spend money without authority to buy whatever he himself thinks might be helpful to the war effort.

The Government itself, on the advice of the heads of the fighting services and its economic experts, determines what our war policy should be. The policy and the necessary cash appropriations are approved by Parliament.

The Cabinet then manages and co-ordinates the programme, working through such agencies as it deems most likely to do a successful job.

In supply, the placing of orders and the overseeing of production are carried on by many different types of agencies. A civil servant is, for instance, the controller of steel. A business man is the director of gun production. A contractor will handle the building of homes for war labor. A new company with a board of dollar a year men is making rifles.

All of these are responsible to the Minister. All act under his authority. He determines the extent of the discretion to be granted to each.

The system is an excellent one. It works better in some cases where the discretionary powers are substantial than in other cases where the discretionary powers are too limited. But in all cases, there is control by the people of the acts of their servants.

In a large business organization the responsibility of co-ordinating the work of many different departments or subsidiaries is centralized in one man, usually the general manager, who makes his recommendations to the board of directors, gets their approval and then sees that they are carried out. He watches to see that his unit is always in step; that larger company policy is considered in the work of all his deputies.

Logically, Mr. Howe should extend the system that he has already adopted for getting business methods into the business job of war supply, by appointing one man as co-ordinator or general manager of war supply.

That man would operate only under the authority of the Minister and the Cabinet. His responsibility would be only the responsibility vested in him by the Minister.

The Financial Post's Platform For War

1. *Strengthening cabinet leadership by drawing on Canada's best executive brainpower irrespective of political considerations.*
2. *An inner war cabinet, free from departmental duties, to plan the nation's war effort and to see that the plans are carried out.*
3. *Appointment of a non-political industrial executive with complete authority to organize and direct procurement of munitions and supply.*
4. *Pay-as-we-go policy to the very limit consistent with an all-out war effort.*
5. *Elimination of wasteful spending by public bodies or private individuals.*
6. *A national programme to deal with post-war employment and relief problems.*

Winning the war has become the focus, for all effort, national or personal, in Canada. It requires full mobilization of the nation's material and spiritual resources.

To the fullest degree, this should be achieved by individual effort, freely made.

Strong national leadership will inspire service and sacrifice. In turn this will reduce the need for regimentation and compulsion.

What is the "Emergency" Now?

A year ago the Province of Ontario increased the income tax on corporations from 2% to 5%. It was indicated that the rate should be applicable only up to Dec. 31, 1941. The increase was an emergency measure only.

It is notable that in his budget speech this year Premier Hepburn made no reference to this promise. The 5% rate is being extended. The Province has budgetted for another $23,000,000 revenue from this tax during the coming year. It was the $23,000,000 corporation tax revenue received in the past year that enabled the province to show a surplus of $12,000,000.

At a time when every dollar that can be spared for the war effort must be consecrated to the cause of victory, Ontario has no right to continue this exaction upon producers. When the province is able to show a surplus of $12,000,000 there is no emergency in its affairs. The emergency is in respect to war finance and Mr. Hepburn should make to war finance the contribution of ending this tax on the date he promised.

The tax is not one that is of interest to business alone. Business firms sign the cheques. But the levy increases the price of goods, tends to diminish the wage scale and thus—directly and indirectly—diverts financial resources away from the war effort.

The Anson Programme Today

Winding up the debate on the war appropriations bill, the Minister of Munitions and Supply said:

> "The Anson programme today is in the hands of the builders, and the builders are now in a position to go full-out on the programme. There was a delay on the engineering end, but I have never been able to see that any charge of incompetence would have been justified against the directors of the company, who have been giving a tremendous amount of their time to this work . . . The Anson programme is completely in order today, and I think that the prospects of obtaining Anson planes on schedule are just as good as the prospects of obtaining any other plane that has not yet gone into production."

Anson planes are vital to success of the British Commonwealth Air Training plan. There will be widespread hope in Canada that Mr. Howe's confidence in the Anson programme will be fully justified. The Minister has avoided his previous mistake of making specific promises in terms of dates and rate of production.

Mr. Howe's Director of Aircraft Production, Ralph P. Bell, said this week:

> "Inside six months there won't be a citizen of this country who will have anything else but praise for the Canadian aircraft industry."

All Mr. Howe and Mr. Bell have to do is to turn out "clouds of planes" and they'll get plenty of public support.

Editorials in Brief

Senator Claude Pepper's recent visit to Canada was an excellent advertisement for the great South.

In normal times tens of thousands of Canadians visit the senator's native state, Alabama, and his present state, Florida. Not enough southern citizens get up to Canada. Those who do come always turn out to be excellent walking advertisements for traditional southern courtesy.

Senator Pepper was no exception.

• • •

Remarkably frank and clear was the survey of Hon. C. G. Power, Minister of Defense for Air, of the progress of the Air Training Plan in Parliament last week. "Mr. Power," says the Windsor Star, "has the happy faculty of admitting his difficulties and even his errors." There was frank mention of both. If more of our keymen at Ottawa would emulate the candor of Mr. Power there would be less foreboding on the part of the general public that Canada was not putting 100% efficiency into its war effort.

• • •

Editors often wonder why they so frequently receive "letters to the editor" not in the original but in the form of carbon copies. Why would a man want to file the original copy and send the carbon to the editor? Would he do it with important business correspondence?

Two of the best entries in The Financial Post's mining investment contest arrived as carbon copies. The entrants had kept the originals. By the time the papers had circulated among six judges they were pretty well mussed up.

• • •

The Toronto District Trade and Labour Congress Council last week called on all its affiliates "to have no part of Henry Ford or his products by placing them on the 'We do not patronize' list."

It is difficult to see how anyone in Canada can boycott Mr. Ford and his products without boycotting the Ford Motor Co. of Canada. And, regardless of what Henry Ford has said or done about the war, the fact remains that there has been no more effective fighter in the war than this Canadian company, which was founded by a Canadian, is run by Canadians and is to a not insubstantial degree owned by Canadians.

Ford plants have been working night and day ever since the war started to push British victory. Wallace R. Campbell, president of the Ford Motor Co. of Canada, was able to say recently over the radio that army vehicles made in Canadian automobile plants—and this would include his own—had played a notable part in the recent various campaigns in Libya and that they are now serving wherever the Union Jack flies.

Henry Ford may be off the track in his ideas on international affairs. But his inventive genius and his production skill have raised the standards of life the world over. He may be stubborn and stupid about the use of his American plants for direct aid to Britain, but he lets his Canadian company make its own decision, and the decision of that company has been—"All we've got for victory."

Other People's Views . . . .

The Canadian Editorial of the Week

Canada Misrepresented

Ottawa Citizen

Now that the lease-lend bill has been passed and debate on it ended, it is being suggested in Ottawa that the Government do something about informing the people of the United States on Canada's war effort. There are still many Americans who are bewildered by the charge of isolationists that while the United States leases and lends war material to Britain, Canada, in the words of Senator Nye, demands cash on the barrel head.

It is true that Britain pays for munitions made in Canada on British orders, but the picture which the bald statement presents to the uninformed people of America is a grossly distorted one. It leaves out of account the national effort that Canada is making apart from her industrial contribution to the British effort. But few citizens of the United States have a clear idea of just what the Dominion is doing.

The correction of this misunderstanding should be part of Canada's public information service. But what sort of publicity programme has Canada drawn up in this war which is partly a battle of words? It is an extremely haphazard one, poorly co-ordinated and lacking in imagination. In war films alone has this country made any impressive contribution to the propaganda war.

As far as the dissemination of information on Canada's war effort in the United States goes, it ought to be approached in a big way. More competent speakers should go south. There should be a serious attempt to interest the newspapers—not the big eastern dailies, which are well informed, but the hundreds of others which are seldom heard of. And it might do more good than harm to relax the restrictions now placed on business and pleasure travel to the republic. But whatever may be contemplated at Ottawa, a more inspiring picture of Canada's war effort is long overdue.

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As Others See Us

Travel Restrictions

Swift Current Sun

The Financial Post suggests that Ottawa review the strict regulations of the Foreign Exchange Control Board which rigidly bans all pleasure travel for Canadians in the United States, a ban which was designed to conserve precious U. S. dollars. The best argument we see is that under present restrictions Americans as a whole are not being told, by direct contact, of Canada's war effort and this indirectly means plugging for Britain's war effort; the absence of Canadians makes it a fertile field for Nazi propaganda to disseminate many false stories which Canadians by visiting could counteract. Modification of the travel restrictions to the United States, we feel, would be an action of great benefit.

Canadians are not likely, at this time, to go into an orgy of spending in the U. S. A. War taxation, the steady demand for contributions to the war effort, leave the bulk of our people in no shape to go galloping around throwing money away. The balance in our favor would be still very, very favorable.

• • •

Propaganda

New Westminster British Columbian

One of the minor difficulties suffered by newspaper editors these days is the flood of propaganda loosed from Ottawa. The Financial Post puts one phase of the matter before its readers very neatly when it says: ;

> Ceaselessly there pours from the duplicators of the Government's press agents a stream of smug, complacent, self-congratulatory propaganda about the marvels of Canada's achievements in the war. The material is fed by ministers and political assistants. That some of it is inaccurate—and demonstrably so—is deplorable. That much of it is overoptimistic as regards promised performance is tragic.
>
> That is one aspect. Another is the cost in good trees cut down to supply paper doomed to the wastepaper basket and the energies employed in concocting the blurbs which might better be turned to some useful account in Canada's war effort.

• • •

Tourist Gamble

Moncton Transcript

The Financial Post points out that during the ten-year period prior to the war American tourists spent three dollars in Canada for every Canadian tourist dollar spent in the United States, and it asks: "If we permitted moderate travel intercourse on a two-way basis, would Canada have a larger or a smaller balance of United States dollars at the end of the year?" The Toronto paper expresses the belief that the favorable balance would be larger. That opinion may be correct, but if the restrictions were lifted Canada would be gambling upward of $100,000,000, the estimated amount spent by Canadians in the United States before the war, in the hope of getting it back with a profit. It looks like a long shot, with Canada taking the short end.

• • •

Stop Me If . . . .

"Now," said the Italian officer, "the Australians are on the way. You'd better have a stiff drink, my men, so that you can meet them."

All the troops accepted but one.

"Why, what's the matter, Benito?" asked his pal. "Why don't you have a drink, like all of us?"

"Not-a me!" said Benito. "It giffs me too much courage. I might-a wait behind when the rest of you are running!"

What the Papers Are Saying

Why an Idle Senate?

Toronto Globe and Mail

The Dominion Government spends more than $2,400,000 a year on legislation, the indemnities of members of Parliament and the salaries of officials of the House of Commons and the Senate. Roughly one quarter of this sum is required to pay 96 Senators $4,000 each per annum, to pay the officials, to maintain offices for the Senators, and to provide them with all the comforts of the most exclusive club in Canada.

In view of the need for economy to meet the costs of war, does it not strike the taxpaying public as rather strange that the Government spends this money and provides no work for the Senate to do? The membership of the Upper House includes some of the ablest men in the country.

The Cabinet, of necessity, must have extraordinary powers in wartime. But there is a danger that men clothed with wide powers will be disposed to use them overmuch. It takes less time to pass an Order-in-Council with a dozen Cabinet Ministers present and none to raise objections than it does to pass a bill with a couple of hundred Commoners or 90 Senators to scrutinize its provisions and make sure it is in the national interest.

During recent years the Senate has been trying to improve its own usefulness by holding enquiries into urgent matters. It is well qualified for this sort of work. It could take a great deal of labor from Commons if the arrangement were made, even at a time when the Government's interest is centred chiefly on raising and disbursing war funds. If entrusted with the task it could show how much non-essential spending could be eliminated in wartime and the citizen taxpayers would bless it for doing so. But this sort of thing it is not permitted to do.

Sayings of the Week

"The entire Arab world stands behind Turkey. Trans-Jordan is ready to fight alongside Turkey in a war with Germany."—*Emir Abdullah Ibn Hussein.*

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"The Nazis have been whipped in the air. We stopped the day bombing and within the next month you will see the night bombing wiped out."—*Wing Commander McNab, Regina.*

• • •

"The only way you can win a war is by studying and planning, and producing and getting the men at the right place at the right time."—*Hon C. G. Power, Minister of Defense for Air.*

• • •

"To endure and overcome we shall need more than material resources. It is in the realm of spirit that ultimately the war will be lost or won." — *The Archbishop of Canterbury.*

• • •

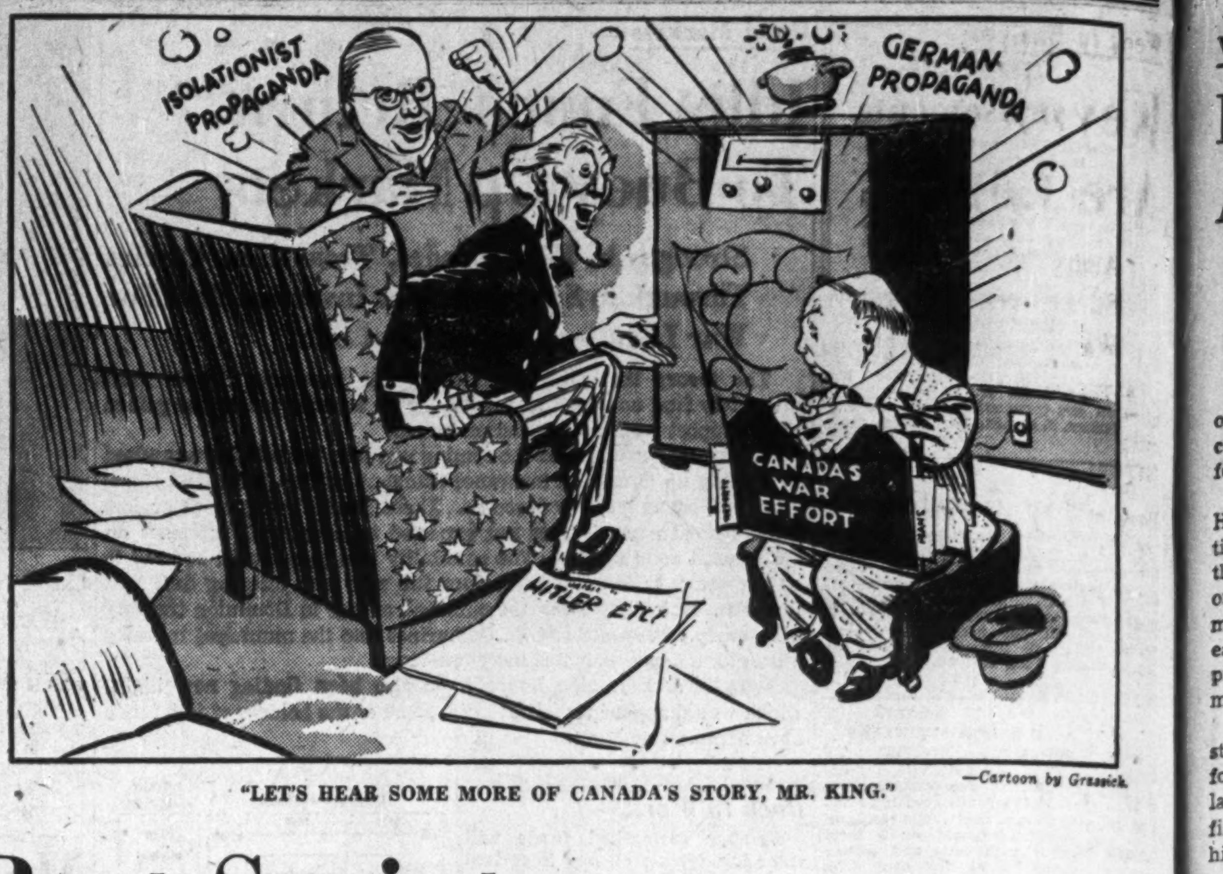
"The sooner this Government acting in conjunction with organized agriculture comes to the point where something is done to put agriculture on more of a parity with other industries the sooner we shall be able to distribute labor in the national interest and for the national benefit." — *Gordon Graydon, M.P. for Peel.*

• • •

"Canada needs us all — every man, woman and child to strengthen her, to stand faithfully by her, to make all necessary sacrifices gladly, to lift up our hands and hearts in prayer for her until the hour of trial has passed and her hour of glorious triumph shall arise."—*From a Pastoral Letter read in all Catholic churches of Ontario.*

• • •

"First and foremost, let all of us who have taken upon ourselves the privileges and responsibilities of Canadian citizenship, fully realize that whatever ties of kinship and sentiment we may have with other lands, Canada must claim our first allegiance. This will make it more difficult for undesirable elements to establish themselves among us." — *Der Nordwesten, German language weekly, Winnipeg.*



"LET'S HEAR SOME MORE OF CANADA'S STORY, MR. KING."

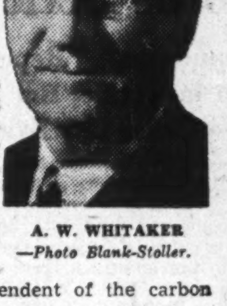
—Cartoon by Grassick.

Post-Scripts . . . .

Growing Up With Aluminum

The career of Albert William Whitaker, Jr., has closely paralleled the remarkable growth of the Canadian aluminum industry.

Since 1913 the new general manager and chief engineer of Aluminum Co. of Canada has been interested in the production of the tough, silvery metal, either from the research or production viewpoint.



A. W. WHITAKER

—Photo Blank-Stoller.

He has participated to an important extent in the development of the large Arvida, Que., unit of Aluminum Co. of Canada Ltd.

In June, 1926, Mr. Whitaker went to the Arvida plant as superintendent of the carbon plant.

In July, 1926, the first aluminum ingot was produced at Arvida. Since that time, this unit, in northern Quebec, has grown into the world's largest single plant producing aluminum.

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When the first ingot was poured the plant was using 100,000 h.p. of electric power. At that time it was a matter of considerable astonishment that a Canadian organization should embark upon such a large programme. Now consumption of electricity totals 500,000 h.p. annually, sufficient to serve the whole of Greater Montreal adequately. Facilities of the plant are being taxed to the utmost to provide aluminum for war purposes and a tremendous programme of expansion has been undertaken.

Aluminum is a particularly important commodity these days. Air armadas of the world fly on wings of aluminum. And Great Britain's expanding air programme is dependent to a large extent on Canada for its supply of the metal.

• • •

From the carbon plant A. W. Whitaker took over the job of supervising the bauxite purification plant. In 1930 he was made works manager; and in 1939 chief engineer. Recently he was appointed general manager of Aluminum Co., retaining the position of chief engineer.

His entire career has been tied up to this one metal.

Born in Philadelphia, he received his primary and secondary education in the Quaker City. Graduating from the University of Pennsylvania in 1913 as a chemical engineer, he immediately launched into a career with an aluminum producing organization in the United States.

• • •

From Sun Life's towering office building in Montreal Mr. Whitaker shoulders a large share of responsibility for directing production.

In addition to a number of plants in Canada the company has interests in British Guiana where its bauxite ore is obtained.

A. W. Whitaker occasionally makes a trip to the neighboring continent. Shortly after announcement of his appointment he made a personal survey of the South American properties.

"Whit," as his friends know him, is not given to lengthy orations. He is a practical engineer who has come up through the production departments. One friendly letter of congratulation, with mock solemnity, admonished him not to forget that "he once had carbon behind the ears."

More than 26 years association with aluminum production has given him an intimate grasp of the wide ramifications of the industry. The expansion programme of his company is being carried out without undue difficulty, largely because of the efficient manner in which he and his colleagues laid the foundation of the Canadian industry.

When he is not engaged with business matters, A. W. Whitaker finds relaxation in photography and golf. A camera enthusiast, he carries his interest into his own dark room. He appraises his game of golf as "fair."

• • •

A Saskatchewan Conservative

If eastern Canadians have the impression there are no Conservatives in the perennially Liberal Province of Saskatchewan they should ask John George Diefenbaker, member of Parliament for the constituency of Lake Centre, which is in the geographical centre of the settled portion of Saskatchewan. Mr. Diefenbaker, along with his colleague, E. E. Perley M.P. for Qu'Appelle - Wolseley carries the banner of Conservatism from Saskatchewan. But Mr. Diefenbaker will tell you there are 110,000 other Conservatives back in the wheat province.

J. G. DIEFENBAKER

It is one of the anomalies of Canadian politics that this vast minority of Conservatives in Saskatchewan has failed to secure adequate representation. They are spread around in 21 federal ridings, comprising 49 provincial constituencies. They have been there, at least in the proportion of one out of four voters since the central Prairie Province was organized in 1905, but they have never formed a Government in the province, never returned a majority of federal representatives. The best show they ever made was in 1928, when they elected a strong minority at Regina, enough to turn out the Grits with the help of Independents and Progressives.

• • •

So J. G. Diefenbaker, K.C., is only the 13th Conservative ever elected to the House of Commons from Saskatchewan. And his career shows that it has been a tough problem for a Conservative to get elected from that province. He ran against Mr. King in Prince Albert in 1926, he ran against Mr. Justice T. C. Davis in Prince Albert provincial seat in 1929. He served as president of the Saskatchewan Conservative Association in 1935 and was chosen provincial party leader in 1936. He missed winning the provincial constituency of Arm River by 190 votes in 1938 and finally hit the jackpot in Lake Centre in 1940.

But he is one of the most active younger men in the 40-member opposition Conservative group in the House of Commons and is being mentioned prominently as a future leader. Mr. Diefenbaker has had one of the biggest law practices in Saskatchewan, though naturally politics has interfered with that. He is a tall, lanky, fighting lawyer from the bush city of Prince Albert, and he carries his weight in parliamentary debate and in party councils.

• • •

There is no explanation why so many prominent Saskatchewan men have the initials of "J. G." Those letters go with Gardiner, the Federal Minister of Agriculture; Taggart, the Provincial Minister of Agriculture, and Ross, the member for Moose Jaw, as well as the Lake Centre Conservative.

Mr. Diefenbaker has lived in Saskatchewan since he was nine years of age, coming from Ontario where he was born at Neustadt on Sept. 18, 1895. His father was a schoolteacher, and the son started his career as a first grade pupil in the old No. 9 Todmorden School near Toronto. Besides himself, his father taught three other Conservative M. P.'s of the present house in the same school at that time. They are Joseph Harris of Toronto-Davenport, Robert McGregor of York East, George Tustin of Prince Edward-Lennox. If there were any incipient Liberals in that schoolroom, they did not do so well for none of them has arrived in Parliament yet.

• • •

Moving Up

Major General Ernest William Sansom has been moving pretty rapidly up the military ladder of late. Not very long ago he came back from his post as Adjutant-General with the Canadian Military Headquarters in London to take over the job of commander of the Third Division. Now he has been placed in charge of Canada's first armored division.

MAJ. GEN. SANSOM

Blank-Stoller photo.

General Sansom is 51. The last half of that life has been spent in the army, the first half in civilian life. He joined the C.E.F. as a private; received his commission as a lieutenant in the 12th Battalion on the way across the Atlantic. He went to France with the machine gunners in 1916, with the 11th Brigade. By the end of the war he was officer commanding the 1st Battalion Machine Gun Corps.

After the war Sir Arthur Currie was permitted to award six D.S.O's (Distinguished Service Order) for general distinction on active service. Sansom was one of the six. Upon his return to Canada, he decided that the army was his business.

He joined Canada's small permanent force, with an appointment to the Machine Gun Corps. When the Canadian Warfare School at Rockcliffe was moved to the Connaught Ranges, west of Ottawa, and became known as the Small Arms School, Sansom was given command of B wing. That was in 1921. A wing comprised instruction of rifle, bayonet and automatic tactics; B wing, machine gun; and C. wing, camouflage and gas.

The Staff College at Camberley, England, sets competitive examinations for officers in Canada. The examinations are stiff and completely controlled by the Camberley authorities.

General Sansom won the right to the Camberley Course and graduated there in 1925. On his return to Canada he was made Director of Military Training at headquarters in Ottawa, then went on to Montreal, Halifax and, afterwards, Regina, as General Staff Officer. He was G.S.O. in Montreal in 1936-37 and returned to headquarters duty in Ottawa after that, where he remained until the outbreak of the present war.

General Sansom went overseas, this time, with the 1st Division as Assistant Adjutant and Quartermaster General, with General McNaughton. When General Crerar, posted as officer commanding Canadian military Headquarters in London, was recalled to Ottawa to become Chief of General Staff and General Montague succeeded him in London, General Sansom became Deputy Adjutant General.

The Financial Post

Member Audit Bureau of Circulations

A weekly newspaper, presenting in a popular manner, reliable information respecting investments, business and national affairs in Canada.

FLOYD S. CHALMERS, Editor
DOUGLAS M. GOWDY, Business Manager.

Published by
The MacLean Publishing Co., Limited
481 University Avenue, Toronto 2

JOHN BAYNE MACLEAN, Founder and Chairman.
HORACE T. HUNTER, President.
H. VICTOR TYRRELL, Vice-President and Managing Director

Subscription Terms: Single copies, 10 cents. Yearly, in Canada, United States, Mexico and British Empire, $5; all other countries, $6.
Advertising Rates: Single insertion $4.20 per inch. Contract terms upon request.
Montreal: Dominion Square Building, Murray R Chipman, Eastern Manager; John E. Langdon, Eastern Editor.
London, England: Sun of Canada Bldg., 2, 3 and 4 Cockspur St., S.W.1.

Week in Business

Keymen in Industry Are Left Undisturbed

Army Not in Competition With Industry—St. Lawrence Seaway Seen as Post-war Aid if War Ends Quickly

Announcement this week that the Government has no intention of taking key men from war industries, under the four months compulsory training plan, was reassuring to industrialists who had feared serious disorganization of their staffs.

Defense Minister Ralston, in making the announcement in the House of Commons, emphasized that the army was not in competition, but rather in co-operation with industry. It had been feared that work might be handicapped if men were taken out of plants on sudden notice, irrespective of the particular job in which they might be engaged at the moment. But Mr. Ralston's statement has eased this feeling. He did, however, put it up to the employer plainly to submit a plan for the calling up of his men to ensure a minimum of disturbance.

Treatment to be accorded to the trainees varies but in some instances employers are making efforts to make up differences in pay, for a part of the time at least. Some are carrying on the plans formulated when the training period was only 30 days, contributing for the first month only, after which the employee is wholly dependent on his army pay.

* * *

There may be a gap between signing of the St. Lawrence seaway pact and actual beginning of the project. It is expected it will be some time before any actual work can be done as there is much engineering work to be completed in the way of surveys, testing rock structure, etc., before operations could be undertaken.

* * *

Business generally continues on a satisfactory level. The Financial Post Business Index shows commercial and industrial activity in February to have been about 15% higher than in 1940 but slightly lower than in January in a seasonal decline. One of the most important developments was the increase of about 38% in February in merchandise exports. Much of the expansion took place in shipments of metals, meats and iron and steel products to the United Kingdom, indicating shipments of bacon, vehicles, etc. Increases in exports of metals and meats to the United States also took place. Merchants find trade active although spring demand has been delayed by the unseasonably cold weather.

Business Indicators

Current business active with D.B.S. index for week ended March 15 slightly above previous week, 4% higher than year ago.

The Financial Post Business Index for February 15% above 1940 level and slightly below previous month.

Railway carloadings to March 15 up 13% from last year.

Railway gross traffic earnings for week ended March 21 and year to date higher than in previous year.

Automobile production in February lower in passenger cars and substantially higher in trucks. Financing of new and used cars above 1940 for February and first two months of year.

Living cost weekly budget as compiled by D.B.S. for Feb. 1 slightly lower than month before but over 2% above last year.

Sea fisheries catch and landed value in February down sharply.

Gold production up in February and first two months of 1941.

Trend of business shown by The Financial Post Business Index and following key factors, new items for the week being shown thus ▪.

TREND OF BUSINESS—	Mar. 15	Mar. 8	Mar. 1	Feb. 22	Mar. 16/40
Weekly index of business, D.B.S.	110.6	110.3	110.7	107.3	105.9
Commodity prices index no.	85.7	85.5	85.3	85.1	83.1
	Feb.	Jan.	Dec.	Nov.	Year Ago
The Financial Post business index	*152.9	154.6	152.9	153.4	132.9
Retail sales index no.	....	124.2	131.0	123.1	110.8
Dept. stores sales index no.	125.4	123.2	132.0	128.5	108.2
Wholesale sales index no.	...	106.1	125.0	131.7	98.0
Country store (% change pr. yr.)	....	+2.4	+3.8	+15.4	+11.9
EMPLOYMENT INDEX Nos., D.B.S.	Feb. 1	Jan. 1	Dec. 1	Nov. 1	Year Ago
All industries	135.2	134.2	139.1	139.2	114.4
Manufacturing	147.4	142.5	144.7	144.6	120.5
▪Living costs weekly budget	$18.13	$18.26	$18.22	$18.14	$17.71
			Jan. 1 to date		%
RAILWAYS	1940-41	1939-40	1940-41	1939-40	Change
▪Carloadings (week Mar. 15)	58,131	46,996	586,733	519,924	+12.8
▪C.N.R. gross (week Mar. 21) $	5,253,629	4,088,878	56,765,403	47,501,779	+19.5
▪C.P.R. gross (week Mar. 21) $	3,899,000	2,625,000	39,843,000	32,028,000	+24.4
▪C.N.R. net revenue (Feb.) $	2,609,117	1,763,188	5,759,511	3,434,984	+67.7
C.P.R. net revenue (Jan.) $	2,665,761	1,828,505	....	....	+45.8
IRON AND STEEL—Jan.—					
Pig iron production (tons)	103,085	104,703	....	....	—1.5
Steel ingots and castings prod. .... (tons)	186,303	166,496	....	....	+11.9
AUTOMOBILES—(Number)—					
Passenger Cars:					
Domestic sales* .. (Jan.)	5,727	6,738	....	....	—15.0
▪Factory output ... (Feb.)	10,647	12,779	22,637	25,358	—10.7
Trucks and Buses:					
Domestic sales* .. (Jan.)	2,279	2,036	....	....	+11.9
▪Factory output ... (Feb.)	13,063	5,414	24,268	10,048	+14.2
Financing:					
▪Used .... (Feb.) $	2,890,020	2,223,756	5,297,171	4,016,975	+31.9
▪New .... (Feb.) $	2,454,932	1,963,864	4,592,801	3,798,852	+20.9
CONSTRUCTION—					
Contracts awarded .. (Feb.) $	24,704,600	11,768,900	51,284,400	20,613,600	+148.8
Cement prod., bbls. (Nov.)	643,522	421,373	7,271,232	5,525,756	+31.6
AGRICULTURE—					
Flour prod., bbls. .. (Jan.)	1,177,000	1,266,303	....	....	—7.0
Flour exp., bbls. ... (Feb.)	606,757	559,338	961,575	1,284,655	—25.1
Wheat exp., bush. .. (Feb.)	9,459,594	6,593,237	14,339,674	16,955,842	—15.4
Cattle sales▴ .... (Feb.)	68,750	60,979	152,457	144,613	+5.4
Hog sales▴ .... (Feb.)	511,468	372,055	1,043,727	765,253	+36.3
SEA FISHERIES—‡					
▪Catch cwts. .... (Feb.)	280,800	1,137,700	872,700	2,163,600	—59.6
▪Landed value ...... (Feb.)	452,300	668,700	1,105,400	1,415,200	—21.8
NEWSPRINT—					
Production, tons ... (Feb.)	245,607	231,823	506,905	482,855	+5.0
Exports, tons .... (Dec.)	263,450	255,258	3,242,786	2,658,690	+21.9
MINING AND OILS—					
Coal prod., tons ... (Jan.)	1,745,482	1,732,681	....	....	+0.7
Coal imports, tons .. (Jan.)	529,570	457,075	....	....	+15.9
▪Gold prod., fine oz. (Feb.)	411,880	348,739	873,482	773,120	+12.9
Crude oil prod., bbl. (Dec.)	738,454	502,920	8,718,053	7,837,503	+11.2
Crude oil imp., bbl. (Dec.)	2,212,246	1,793,830	42,415,300	37,311,430	+13.7
ELECTRIC POWER OUTPUT—(January)—					
Total monthly, 1,000 kw.h.'s	2,634,695	2,526,143	....	....	+4.3
FOREIGN TRADE—♦					
Imports .... (Jan.)	98,382,462	71,104,145	....	....	+38.3
▪Exports .... (Feb.)	100,533,143	72,314,071	189,485,802	163,167,908	+16.1
OTHER INDUSTRIAL FACTORS—					
▪Dressed lumber exp.: 1,000 bd. ft. ...... (Feb.)	151,941	117,668	316,833	285,195	+11.1
Shoes, prod., pr. ... (Jan.)	1,901,085	2,073,528	....	....	—8.3
▪Cotton consump., lb. (Feb.)	16,603,876	17,927,590	32,283,458	31,601,104	+2.1
▪Raw rubber imp., lb. (Jan.)	13,522,707	11,305,227	....	....	+19.6
Cigarette cons. No.† (Feb.)	556,519	500,689	1,180,090	1,134,961	+3.9
Sugar manufactured . lb.§	43,313,001	33,158,321	81,234,157	87,886,708	—7.5
FINANCE—					
▪Bank debits† ...... (Feb.) $	2,540,182	2,955,217	5,481,286	5,629,552	—2.6
Bond sales† .... (Feb.) $	115,288	116,734	196,596,489	436,922,335	—55.0
Life insurance sales (Feb.) $	31,500,000	31,820,000	59,826,000	65,546,000	—8.7

*D.B.S. All Canada figure covering over 90% of the Canadian total.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C. °Preliminary.
▴Total at yards and plants
New items for week marked ▪
†000's omitted. §For four weeks to Feb. 22. ♦Gold excluded.

Steel Structures, Railway and Highway Bridges, Plate and Tank Work, Electric and Hand Power Cranes, Hydraulic Regulating Gates and Operating Machinery, Caissons, Barges, Coal and Ore Bridges, Liftlocks, Turntables, Forgings, Boilers - Heating and Power Types, Coal Pulverizing Equipment, Mining Equipment, Williams Buckets.

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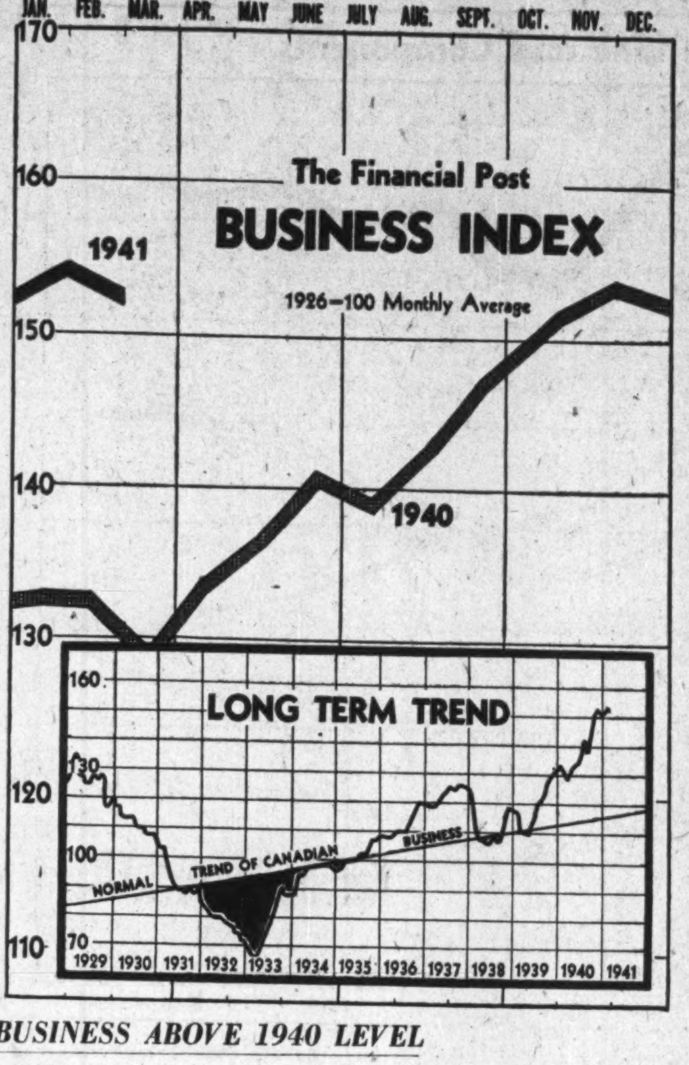

BUSINESS ABOVE 1940 LEVEL

Although the physical volume of Canadian business in February, as indicated by The Financial Post Business Index, was slightly lower than in the previous month, the general level was 15% higher than in the previous year.

Compared with 1940, shipments of gold were larger, bank deposits were higher and newsprint production increased. Lumber exports also were larger

Major Economic Factors

		Feb., 1941	Feb., 1940	Increase+ Decrease— %	Jan., 1941
The Financial Post business index‡		*152.9	132.9	+15.0	154.6
Bank deposits‡		144.2	139.6	+3.3	138.5
Gold receipts	fine oz.	411,880	348,739	+7.1	461,602
Silver shipments	fine oz.	1,299,088	1,451,793	—10.5	1,528,932
Asbestos exports	tons	17,250	15,368	+12.2	12,990
Sugar manufactured	lb.	43,313,001	33,158,321	+30.6	37,921,156
Cheese, factory production	lb.	973,480	1,830,874	—46.8	1,110,347
Butter, creamery production	lb.	9,904,095	9,149,420	+8.2	11,727,359
Newsprint production	tons	245,607	231,823	+5.9	261,298
Planks and boards exported	M. ft.	151,941	117,668	+29.1	164,892
Shingles exported	squares	276,916	213,391	+29.8	249,586
Cigars released	no.	12,905,653	11,196,775	+15.3	13,120,418
Cigarettes released	no.	556,518,619	500,688,677	+11.2	623,571,303
Carloadings	no.	217,533	199,145	+9.2	228,536
Exports	$	100,533,143	72,314,071	+39.0	88,952,659

*Preliminary. ‡1926 equals 100.

T.C.A. Schedule Advanced 50%

Minister of Transport Outlines 1941 Programme

From Our Own Correspondent

MONTREAL.—Trans-Canada Air Lines schedule for the current year calls for operations covering 7.5 million miles, more than 50% over that reported for 1940, according to Hon. C. D. Howe.

Based on results last year, the automatic feature of the existing legislation would fix a rate of 53 cents a mile for the mail rate for 1940-41. In view of the increased mileage and increase in business, the Government estimates it will be able to fix 40 cents rather than 53 cents a mile, the basic mail rate.

Last year earnings of Trans-Canada Air Lines, said Mr. Howe, after all write-offs and the interest on investments, was something over $500,000.

Expect More Revenue

This year it is anticipated earnings from air mail, based on the increased mileage and the 40 cent rate, will be $3,153,000. Passenger revenue is placed at $2,170,000. Miscellaneous revenue, comprised chiefly of express, will amount to $250,000, giving a total gross revenue of $5,573,500.

Operating expenses of T. C. A. this year are estimated at $5,315,477, giving an operating income of $258,032, less interest on capital and other income charges of $197,500. This would leave the Air Lines with an estimated surplus of $60,523.

Foreign Exchange

During the week Mar. 18 to Mar. 24 there was no change in the quotation to the United States dollar at Toronto and Montreal which was $1.10 for buying and $1.11 for selling. The sterling rate likewise was unchanged at $4.43 buying and $4.47 selling. The rate is published daily by the Foreign Exchange Control Board.

Other Currencies, Mar. 24

Australia ...	3.58	N. Zealand .	3.61
India	.3372	S. Africa ...	4.47
Japan	.2608	Hong Kong .	.2728

C.N.R. Revenue Near Record

February Net $2.6 Millions — Up $845,929 From Last Year

From Our Own Correspondent

MONTREAL. — Net revenue of Canadian National Railways in February totalled $2.6 millions, an increase of $845,929 over the same month last year. This was the best net figure shown by C. N. R. since February, 1929.

Gross revenue increased by $2.5 millions to $20.2 millions during the month, but operating expenses were up $1.7 million to $17.6 millions.

In the two months' period ended Feb. 28, net revenue totalled $5.8 millions, an increase of $2.3 millions over the corresponding period of 1940. Gross earnings in the two months were up $5.8 millions to $41.2 millions, while operating revenue increased by $3.5 millions to $35.4 millions.

Earnings Statement

February:	1941 $	1940 $
Operating revenue ...	20,243,494	17,722,756
Operating expenses ..	17,634,377	15,959,568
Net revenue	2,609,117	1,763,188
Two Months Ended Feb. 28:		
Operating revenue ...	41,170,461	35,324,491
Operating expenses ..	35,410,950	31,889,507
Net revenue	5,759,511	3,434,984

New Building

WAR PROJECTS

Recent contracts awarded by the Department of Munitions & Supply cover the following projects:

Plant extension, de Havilland Aircraft of Canada Ltd., Toronto, $200,000; plumbing, heating and ventilating installation, $88,000.

Overhaul depot, Amherst, N.S., $126,000.

Military camp, Sussex, N.B., $59,000.

Reported by Engineering & Contract Record:

Canadian National Railways has awarded general contract for subways at St. Hyacinthe, Que., at estimated cost of $137,700.

Odeon Theatres of Canada Ltd. has awarded general contract for $100,000 theatre at Kingston, Ont.

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Keeping Posted . . . .

By JOHN C. KIRKWOOD

The eyes of the world are on General Wavell, conqueror of Libya, defender of Greece. He has been called "the silent tactician." "We never know what he thinks," says Rosita Forbes in her study of this man in Maclean's Magazine, March 15. "He hates unnecessary words," she says. "I've seen him sit silent through a whole council."

JOHN C. KIRKWOOD

The editor of Maclean's says he does not know of any writer who knows Libya as well as Rosita Forbes. It is an intimate, heartening, and very timely article.

* * *

Supercharging Aviators

Aviators are being "supercharged" to protect them against air-embolism or aerial "bends." Pilots must be artificially prepared to go up to 33,000 or 34,000 feet and higher. Unless artificially supplied with oxygen, a man cannot long survive above 18,000 feet, so airmen must take the precaution of supercharging or decompressing before soaring.

Supercharging is done by inhaling pure oxygen 30 minutes while exercising. The combination of exercise and oxygen eliminates the nitrogen from the body. Nitrogen tends to expand in high altitudes, forming bubbles in the tissues and bloodstream, producing air-embolism. It can produce temporary paralysis and even unconciousness. You will learn about supercharging pilots in March issue, Canadian Aviation.

* * *

Kitchen Crisis?

Canadians consume about 24 million tins of corn annually—or about two tins per capita, and our consumption of tinned peas equals that of tomatoes. This year, however, the national consumption of tomatoes, peas, corn and other vegetables may drop, just because of a shortage of supplies. Today, by way of illustration, there is just about half the quantity of canned corn in canners' warehouses as there was a year ago.

Despite the under supply, March 1 Canadian Grocer writes: "Seventeen Ways and Means Used by Grocers to Sell More Canned Foods!"

* * *

A Challenge

Here's something! "Only a small percentage of present-day insurance agents are able to advise merchants or manufacturers efficiently in relation to tailor-made policies designed to fit their individual needs." That's an accusation made by W. J. Blackburn, supervisor of insurance for Hiram-Walker-Gooderham and Worts—a man brought up in the insurance business, for his father was the first Canadian manager of the Sun Insurance Company, and he himself is in charge of the Canadian, United States and British insurance of an internationally famous company.

What Mr. Blackburn has to say about insurance is contained in his contribution to the winter issue of The Quarterly Review of Commerce, published by the Commerce Club, University of Western Ontario.

Mr. Blackburn's article has as its title, "Buying Insurance," and is good counsel to those whose job is the purchase of insurance.

* * *

Be Gentle!

Use paint brushes gently. About 85% of the cost of a good paint brush is the bristles. In 1934 the price of assorted bristles was 86 cents a lb.; by 1937, as a result of the Sino-Japanese war this cost had risen to $2.60; today the price is $3.75. China has been the chief source of supply.

George Boeckh of the Boeckh Co. recently spoke about this to members of the Paint, Oil and Varnish Club of Toronto. Chinese pigs continue to yield a plentiful quantity of bristles, but the difficulty is in getting them to market.

Science has learned to make synthetic bristles for certain types of brushes—tooth and hair brushes, by way of example, yet no satisfactory synthetic bristle has been made for paint brushes.

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SEE YOUR NEAREST NASH DEALER

THE STEEL COMPANY OF CANADA LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1940

ASSETS

CURRENT ASSETS			
Cash on hand and in banks..........$	2,164,556.40		
Guaranteed call loans and deposits with trust companies and banks..	877,363.88		
Dominion of Canada treasury bills, bonds and other securities, (market value December, 31, 1940, $3,950,881.08)	3,794,389.84		
Due from employees on War Loan subscriptions, secured by Dominion of Canada bonds	279,991.74		
Accounts and notes receivable, less reserve	6,372,872.54		
Inventories of raw materials, supplies and products, as determined and certified by responsible officials of the companies and valued at the lower of cost or market, less reserve	9,454,534.48		
		$22,943,708.88	
INVESTMENTS (non current)			
Investments in and advances to associated coal and ore mining companies		2,003,301.43	
FIXED ASSETS			
Cost of works owned and operated....		54,079,528.18	
OTHER ASSETS			
Benefit Plan—cash and investments (per contra) ....$	772,043.01		
Shares of the company held in trust for employees	2,846.04		
		774,889.05	
DEFERRED CHARGES			
Taxes, insurance and other expenses paid in advance		48,562.15	
		$79,849,989.69	

LIABILITIES

CURRENT LIABILITIES			
Accounts payable ....$	2,690,662.85		
Accrued wages	423,000.42		
Provision for Dominion, Provincial and other taxes	3,421,594.87		
Unclaimed dividends	7,708.72		
Dividends payable February 1, 1941			
On Preference shares $ 113,685.25			
On Ordinary shares 1,121,250.00			
	1,234,935.25		
		$ 7,777,902.11	
PLANT AND OPERATING RESERVES			
Depreciation reserve ....$	27,405,865.08		
Furnace relining and rebuilding and other operating reserves	2,434,948.76		
		29,840,813.84	
BENEFIT PLAN RESERVE (per contra)		772,043.01	
OTHER RESERVES			
For betterments and replacements...$	1,829,674.06		
For fire insurance	200,000.00		
For contingencies	558,999.01		
		2,588,673.07	
CAPITAL STOCK			
Authorized Issued			
400,000 259,852 7% Cumulative Preference shares—par value $25.00 each..$	6,496,300.00		
600,000 460,000 Ordinary shares—no par value	11,500,000.00		
		17,996,300.00	
EARNED SURPLUS		20,874,257.66	
		$79,849,989.69	

Approved on behalf of the Board
R. H. McMASTER } *Directors*
H. H. CHAMP

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the books and accounts of The Steel Company of Canada, Limited, and its subsidiary companies for the year ended December 31, 1940, and report that we have verified the cash on hand, bank balances and all securities and have obtained all the information and explanations which we have required and that, in our opinion, the above consolidated balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the companies' affairs at December 31, 1940, according to the best of our information and the explanations given to us and as shown by the books of the companies.

RIDDELL, STEAD, GRAHAM & HUTCHISON,
Chartered Accountants, Auditors.
Toronto, Ontario, February 28, 1941.

STATEMENT OF CONSOLIDATED PROFIT AND LOSS
FOR THE YEAR ENDED DECEMBER 31, 1940

PROFIT FROM OPERATIONS after deducting depreciation and all expenses of manufacturing, selling and administration	$ 4,206,094.69
Add	
Net income from securities, and profit from sales..	135,697.43
	$ 4,341,792.12
Deduct	
Interest on funded debt	77,407.74
NET PROFIT FOR THE YEAR	$ 4,264,384.38

The following amounts have been charged before determining the profit for the year:

Provision for depreciation, including special depreciation for "War" plant and equipment	$ 1,969,871.00
Provision for Dominion and Provincial income taxes and excess profits tax......	3,005,000.00
Directors' fees	14,000.00
Remuneration of executive officers	197,444.00
Legal expenses	6,586.00

STATEMENT OF CONSOLIDATED EARNED SURPLUS

Balance at December 31, 1939			$18,651,039.56
Add			
Net profit for the year ended December 31, 1940 ....$		4,264,384.38	
Items applicable to previous years			
Inventory adjustments $	587,060.00		
Less provision for taxes	148,485.28		
		438,574.72	
			4,702,959.10
			$23,353,998.66
Deduct			
Dividends declared during the year 1940			
On Preference shares at 7% per annum ....$		454,741.00	
On Ordinary shares			
At $1.75 per share .... $	805,000.00		
At $2.00 per share equalizing the dividends heretofore paid on the ordinary and the preference shares of the Company	920,000.00	1,725,000.00	
		$ 2,179,741.00	
Contributions to Pension Trust Fund			
Initial payment .... $	2,343,648.09		
Additional contribution	300,000.00		
	$2,643,648.09		
Less			
Transfer from Pension Plan reserve	2,343,648.09	300,000.00	2,479,741.00
Balance at December 31, 1940			$20,874,257.66

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Protective Finishes

Uses Banking Figures In Market Analysis

In accord with long-established policy, The Financial Post does not sponsor any investments nor any particular investment "method." But The Post herewith presents a second article by E. G. Bulmer, Toronto investment dealer as newsworthy for investors, the same as discussions of the Dow Jones or other investing theories which have gained some general recognition are newsworthy. Other articles by Mr. Bulmer will follow in successive issues.

By E. G. BULMER

Has the time to start accumulating stocks arrived? Is the down trend which began late in 1940 concluded?

That it has is the conclusion arrived at on a theory of investments, the result of years of study of figures released by the banking system.

This method of analysis concludes that sometime over the next 60 to 90 days the market will start upward again. Those who have the courage to take advantage of the favorable purchasing opportunity now at hand are not likely to regret it.

This method does not guarantee that the actual bottom is at hand now. What it does indicate is that the direction of the underlying business trend is on the way upward and the return on money invested now is not likely to be bettered while this expansion period lasts.

The lot of the investor is difficult at any time. He can obtain plenty of advice—of a kind.

Banking Figures

Banking figures make dry reading but this is only when they are regarded as simply statements of the bank's affairs. As reflections of basic facts in our business life they become altogether different. Then we see that the bank's main assets are loans and that these are the chief liability of the public. The banks' main liabilities are deposits which are the assets of the public.

The difference between these two items, which is the public's free balance at any time—a balance which it can do with as it pleases and which is available for buying more inventories for the manufacturing establishment, more securities for an individual or more goods of any nature—fluctuates from week to week. It indicates what the public is doing about its debts, what are its buying and investing powers.

Quantity of Money

This we have labelled the "Quantity of Money" It is the aggregate of money which can be used for business or for investments. It is the demand side of the equation.

Knowing only that there are so many millions of dollars available for the public to spend is not the whole answer, however. The speed, or velocity, with which the public turns over this money is of even greater importance. If, for example, it is determined that at any particular time there was available $20 billions for business, and that an examination of the velocity showed this money was being used at a rate of six times a year, this volume of money would normally produce $120 billions of business.

If, however, at another time there were $10 billions available for business, but on examination of velocity we find this money is turning over at a rate of 12 times a year, the amount of business produced would approximate that procured from the $20 billions turned over six times.

Quality of Money

Finally there is what we have termed the "Quality of Money." This is measured by the comparison of the amount of monetary gold in the banking system with the amount of money in circulation. It shows, relative to preceding periods, whether the currency of the country is being overextended or inflated. The converse is that it shows when the currency can be said to be deflated.

To a certain extent currency inflation tends to raise the dollar price of equities and would nullify in part the downward trend in "Quantity of Money Available" and the "Velocity of Money." It is an important factor at any time and would be of even greater significance than at present if gold should start to move out of the United States to foreign countries.

There are two reasons why figures published by the Federal Reserve Board of the United States are used. In the first place they are available over a longer period of years than those published by the Bank of Canada; also they are given in greater detail. The Bank of Canada only started operations in 1934, not a long enough period to test the validity and dependability of this theory of investment.

U. S. Leads

Furthermore it has been demonstrated abundantly over many years that the economics of Canada and the United States are so closely interwoven that factors affecting one, and particularly the larger —United States, inevitably have a very similar effect on the other.

This has also been the case even since the war and can be demonstrated readily by checking the direction of movement of indices of stock prices in Canada and the United States. This was illustrated at greater length in last week's article.

It is a well-known axiom of investments that one of the chief factors governing the current rate of return on investment capital is the amount of money available for investment.

Take the examples of two recent periods. From 1931 to the middle of 1932 and again from late 1936 to early 1939, business earnings were declining, salaries were cut, unemployment increased and as a consequence the amount of money available for investment decreased. Partly as a result of this change in economic conditions, security value declined drastically.

The converse is true in periods such as 1927 to 1929 and again from 1932 to late 1936 when business earnings, salaries and employment were increasing and more money was available for investment.

Measure Forces

It can safely be said that the main forces which help to determine the course of security prices are constantly at work and can be measured.

Of paramount importance to investors and to businessmen is the fact that these measurable forces are available for interpretation before their effect on commerce and markets become generally visible. Any one following their trend will have ample time in which to shape his own course.

Coming back to the "Quantity of Money," a ratio under this theory obtained by subtracting total loans from total deposits and expressing the result as a ratio of total loans, is an invaluable aid in determining the level of bonds and investment stocks. When the margin decreases, indicating that loans are increasing at a greater rate than deposits, as was very clear in the latter part of 1928 and early in 1929, we know that business is borrowing, and hence the money available for investments is growing less.

This produces a situation tending to make interest rates rise and the price of bonds go lower. If there is surplus money available to individuals, this money will only be attracted by a higher interest rate, the higher rate being necessary to produce the investor's objective in the way of savings. The converse is equally true. When the margin increases it shows business is saving at a greater rate than it is borrowing. This tends to make interest rates fall and bond prices rise, as there is more money available to meet the objective savings and individuals do not have to give so much attention to yields.

Money Velocity

This free balance of money assumes a greater or lesser importance in our economic set-up on the basis of the rate at which it is being put to use. Velocity or turnover of money, is our guide in judging what is being done with the available money. As charted in this series, it is derived from the comparison of debits to individual accounts with total loans which indicate whether spending is keeping up with the increase or decrease of loans and total deposits indicating whether the turnover of money is keeping pace with the increase or decrease of money available.

Rapid turnover of money indicates confidence; slow turnover indicates doubt and fear as to the future of business. It would not make a great deal of difference how much money was available for business if that money were not being used and turned over to produce earnings. Such a state would eventually bring about a drop in business. Similarly, although there might only be a limited amount of money available, if it were being turned over at a rapid rate it would tend to maintain or increase the amount of business being done and therefore the earnings resulting from this business.

Banks handle a large proportion of the money used by business and individuals. These movements—in and out—are duly recorded and published weekly. Thus we are provided with the facts that allow us to know how our economy stands at the moment and in what direction it is headed.

Public Confidence

Confidence or fear, induced by peace movements or war scares, business hopes or disappointments, political upheavals or tranquility, tax or tariff changes, savings or spending programmes or any other cause, affect our economic structure. They cause new debts to be contracted or old ones paid off; inventories to be increased or decreased; money to be spent or hoarded.

These actions can be traced by charting the movement of debits to individual accounts, deposits, withdrawals, loans of various classes.

These three major factors—quantity of money, quality of money and velocity of money—are combined into one composite bank line.

The action of this line determines whether the economy of the country as a whole is expanding or contracting. In our interpretation of the movement of this line we are interested in the direction in which it is going and not the degree to which it rises or falls.

For the past ten weeks these composite figures have indicated that the economy of the country is expanding. Applying this information to the records of the past 13 years indicates that such an established evidence of an expanding economy forecasts an upward movement in equity prices.

Nash Motors Continues Service Facilities

Nash Motors of Canada Ltd. has announced continuance of service facilities across Canada by the Nash dealer organization. Ten distributing centres are being maintained with parts and new equipment always available in stock. Prospective purchasers of Nash cars are being advised of the availability of new models.

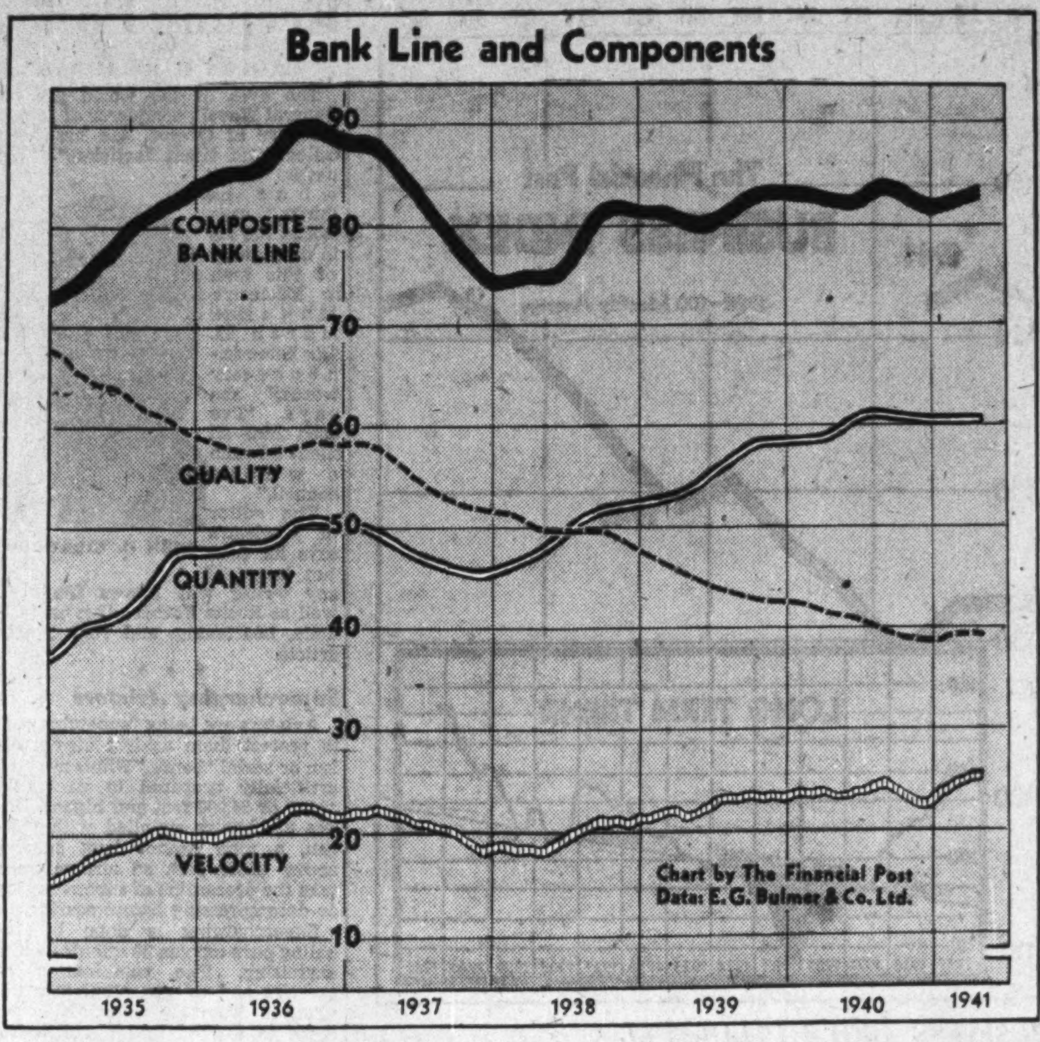


Chart by The Financial Post
Data: E. G. Bulmer & Co. Ltd.

Putting together, by a mathematical formula, the three banking factors—quality, quantity and velocity of money—E. G. Bulmer obtains the composite bank line. On this is based his method of forecasting business and investment trends.

Pulp and Paper Industry

Bowaters Open Sulphite Mill

New Plant Has Capacity of 30,000 Tons Yearly —Extend Ocean Pier

From Our Own Correspondent

MONTREAL. — Bowater's Newfoundland Pulp and Paper Mills' new $4 millions sulphite pulp plant has been brought into production.

The plant will turn out 30,000 tons of pulp annually.

Its establishment is the result of the 1938 agreement whereby Bowaters acquired timber areas in the Gander Lake district, giving rise to the hope a newsprint plant would be established on the northeast coast. This was found not feasible.

The contract eventually provided for the Corner Brook extension whereby the output of the paper mills would be increased by 30,000 tons annually and the sulphite plant opened.

Cut More Wood

The agreement also gives the company the right to cut for export 50,000 cords of pulpwood annually and, four years after the plant is in operation, to cut for export an additional two cords of raw wood for every ton of sulphite manufactured, and half a cord for every ton of paper in excess of the company's normal capacity.

In addition to the sulphite plant, Bowaters has completed a pier capable of berthing three ships at the same time.

Abitibi March Earnings Show Large Gains

Net earnings of Abitibi Power & Paper Co. in February, as reported by G. T. Clarkson, receiver and manager, were $517,915 compared with $476,993 in January and $389,595 in the corresponding month of 1940. The latest month's figures are before depreciation and bond interest, the latter amounting to $291,613, and include $120,541 received as premium on U.S. currency.

Present indications are that newsprint shipments for March will total about 37,000 tons compared with 28,421 tons last month and 26,964 tons in March, 1940. Bleached sulphite shipments are expected to reach 6,250 tons in March this year compared with 6,001 tons in March, 1940.

Monthly Earnings

	1941 $	1940 $	Incr. %
January	476,993	447,776	6.52
February	517,915	389,595	32.94
	994,908	837,371	18.81

Newsprint Shipments

	Tons	Tons
January	26,141	25,800
February	28,421	23,675
	54,562	49,475

Bleached Sulphite Shipments

	Tons	Tons
January	5,454	5,415
February	6,401	5,590
	11,855	11,005

Crown Zellerbach's Profits Hit by Taxes

From Our Own Correspondent

MONTREAL.—Crown Zellerbach Corp. and subsidiaries report an increase of 18.4% in sales for the 9 months ended Jan., 1941, compared with the like period a year ago. Consolidated net profit, however, showed a decrease of $439,699 due to an increase of $3,829,019 in taxes accruing to the United States and Canadian Governments.

For the first nine months of its current fiscal year, ended Jan. 31 last, consolidated net profit of $5,657,933 was equal, after preferred dividends, to $1.52 a share on the common stock. This contrasts with $5,797,632 or $1.68 a share on the common for the like period of the preceding fiscal year.

Final common dividend for its fiscal year of 25 cents a share has been declared by the company, payable April 1, to shareholders of record March 13. This will bring total common dividends for the year to $1 a share.

U. S. Paper Mill Rates Holds at 90% Level

From Our Own Correspondent

MONTREAL.—Rate of production in the American paper industry in the week ended March 15, according to the American Paper & Pulp Association's index of paper mill activity, was 89.9%. This compares with 90.1% in the week ended Mar. 8, and 84.5% in the week ended Mar. 15, 1940.

In the U. S. paperboard industry, production in the week ended Mar. 15, was at 82% of capacity against 80% in the week ended March 8.

Maritime Lumber Trade Holds to 1939-40 Level

From Our Own Correspondent

MONTREAL.—Lumber production in New Brunswick and Nova Scotia for the present season will not vary a great deal from last year, according to a report released by the Maritime Lumber Bureau.

To date wood operations in the Maritimes have been impeded by heavy snowfalls. Local market for lumber is active and there is an increased demand from the United States. Stocks are very low.

The Bureau also reports the New Brunswick Workmen's Compensation Board has announced there will be no decrease in the rates on logging and milling of lumber for the present season.

Daily Newspaper Body Picks Bureau Head

The Canadian Daily Newspapers Association announces appointment as manager of its Bureau of Advertising of I. H. Macdonald, advertising director of the Winnipeg Tribune, effective April 1. In the past 12 years Mr. Macdonald has served on the staff of the Edmonton Journal, as manager of the Association of Canadian Advertisers in Toronto, as business manager of the Hamilton (Ont.) Herald, and as Montreal advertising manager for the Southam interests.

Inter. Paper Plans Refunding Issue

Step Would Merge Southern Kraft Corp. With Parent Company

From Our Own Correspondent

MONTREAL.—International Paper Co. is completing arrangements for private sale of a mortgage bond issue to insurance companies, proceeds of which will be used to retire bank loans and refund outstanding 4¼% obligations of its subsidiary, Southern Kraft Corp.

Total issue is to exceed $20 millions. Bank loan of International Paper Co. was reduced last year to between $9 and $10 millions, while there were $11.3 millions of Southern Kraft 4¼% bonds outstanding at the end of 1939.

To Absorb Subsidiary

Interest rate on the new issue will be somewhat under average rate on bank loan and the subsidiary's obligations. Saving accruing from the refunding will not be large, but certain collateral advantages will accrue from refunding.

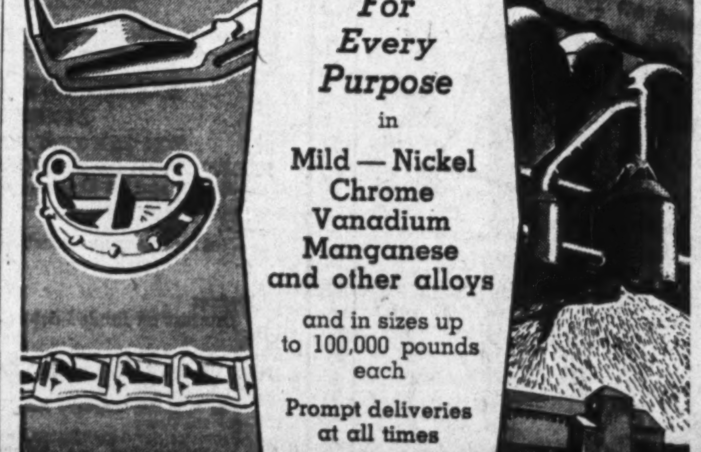
The new issue will be an obligation of International Paper Co. and Southern Kraft will be merged with the parent company.

BATHURST OPERATIONS

From Our Own Correspondent

MONTREAL. — Bathurst Power and Paper Co. plant operations are continuing on a full-time basis, R. L. Weldon, president, said at the annual meeting of shareholders. He added that, as pointed out in the annual report, it is impossible to forecast future operating conditions.

SPECIFY "CANCAR" STEEL CASTINGS



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Pacifists Lend Without Interest

From Our Own Correspondent

OTTAWA.—There continues to be a surprisingly large and generous response to a new class of security issued by the Dominion Government. Available only since January, this new security is non-interest bearing and the Government pledges itself to use all money so received "to finance expenditures to alleviate distress or human suffering due to war." The total amount authorized is $1 million.

The new issue was created to meet the desire of pacifist elements in the country; people whose religious beliefs forbid them from supporting active war measures. Such people are the Mennonites, who came to Canada under direct state guarantee so far as freedom from war service is concerned; also Quaker elements among the long settled Pennsylvania Dutch population in sections of western Ontario. The only publicity the new loan has received has been through denominational channels.

The money is not available for direct war costs but is used to pay essential charges arising out of war —hospitalization, pensions and so forth.

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Pine Falls, Man.
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Company Reports

Consolidated Paper

Business of Consolidated Paper Corp. in 1940 was the best on record. Physical volume of all pulp and paper products was up 29% in tonnage over 1939, while dollar value of sales increased approximately 38%. Gross revenue from all sources totalled $8,754,281, as against $5,367,124 the year before. After provision for full interest charges, nearly $4.5 millions for depreciation and $407,794 taxes, there was a balance of $860,565, or 34 cents a share on the common stock. In 1939 provision was made for bond interest for the last half of the year and the balance of income, $3.4 millions, was written off to depreciation.

Substantial improvement was shown in the balance sheet position. Net working capital at little over $12 millions compares with $7.4 millions at the close of 1939. All bank loans were liquidated during the year, while all subsidiary debt has been paid off. The company has anticipated sinking fund requirements on its own bonds by purchase of $2,095,150 par value of debentures. Due to the payment of interest charges on stock last year, the number of outstanding shares has increased from 2,308,789 to 2,529,922. The two principal changes on the assets side of the balance sheet include an increase in cash fom $145,520 to $4,202,491 and a net increase in capital assets of little better than $700,000.

Particulars of income surplus account follow:

Income and Surplus Account
Years Ended Dec. 31

	1940	1939
	$	$
Oper. prof. & misc. inc.*	7,058,704	5,107,684
Prof. from exch.	1,420,481	†
Invest. income	79,155	69,615
	8,558,340	5,177,299
Less bank & other int.	37,013	184,250
Less deb. int. subsid.	2,644	11,442
Less int. fd. debt	2,769,763	‡1,413,690
Less carrying chgs.	......	176,032
Balance	5,748,919	3,391,886
Prof. sale of secur.	13,955	12,269
Balance	5,762,874	3,404,155
Depreciation	4,480,654	3,404,155
Avail. taxes & div.	1,282,220	nil
Dom. & Prov. taxes	▲407,700	nil
Avail. div.	874,520	nil
Earned common	34c	nil

†Included in preceding item.
‡Covering second half year.
▲Is provision for Income and Excess Profits Taxes of the Dominion and Province of Quebec Governments and "subject to final determination by the taxation authorities."
*After following charges:

Exec. salaries	177,700	172,700
Legal fees	16,702	15,765
Directors' fees	1,540	1,360
Working Capital Position		
Current assets	16,558,018	12,103,003
Current liabilities	4,545,988	4,690,108
Net working capital	12,012,030	7,412,895

Crown-Dominion Oil

Crown-Dominion Oil Co., distributor of petroleum products in Ontario, reports higher sales for 1940 and a net profit of $5,372 compared with a loss of $246 for 1939.

Breakdown of the gasoline price structure in the Toronto area is blamed by H. K. Wood, president, for failure of earnings to keep pace with higher sales. Had price conditions of 1939 continued, he says, gross profit would have been $19,000 higher.

The company spent $21,565 on plant and equipment during the year while reducing its mortgage and note payable debt by $23,160.

Mr. Wood expects demand for petroleum product to continue strong.

Operating Account
Years Ended Dec. 31

	1940	1939
	$	$
Revenue	1,091,474	940,262
Less: Cost of sales	753,202	640,059
Expenses	332,900	300,449
Net profit	5,372	*246

*Loss.

Working Capital

	$	$
Current assets	100,523	100,874
Current liabilities	67,988	61,408
Working capital	32,535	39,466

Canada Cycle

Canada Cycle & Motor Co. reports a good increase in operating profits for 1940 over 1939, but higher taxation brought net profits to a level little above the earlier year. Dividend on the 5% preference, only stock held by the public, was earned about eight times last year. All of the common is held by Russell Industries.

Regular domestic business was increased last year, states G. S. Braden, president. Output of bicycles, the company's most important single product, was largest in its history. Export business has continued to decline but there are said to be prospects that regular export trade may be supplanted by export sales of bicycle parts arising out of forced curtailment of production by British makers. The company is engaged on "a substantial government war contract," states Mr. Braden.

Plant improvements last year required $292,128. With completion of expenditures in the plating department, major plant improvement programme is fairly complete.

During the year, 326 shares of preference stock were retired, meeting sinking fund requirements on this issue.

Consol. Income and Surplus Account
Years Ended Dec. 31

	1940	1939
	$	$
Operating profit	692,623	513,559
Add: Profit on secs.	......	18,543
Gross earnings	692,623	532,102
Less: Life ins. prem. (net)	327	1,040
Income & E. P. tax.	302,143	112,769
Conting. reserve	15,748	50,000
Prem. on shs. red.	1,506	83
Net profit	372,899	368,210
Less: Pref. divds.	48,269	40,181
Common divds.	140,000	106,000
Surplus for year	184,630	222,029
Add: Prev. surplus	809,389	587,360
Surplus forward	994,019	809,389
Earned per Share:		
Preference	$39.08	$37.32
Paid	3.25	3.28
Paid	1.40	1.06
Shares O/s.:		
Preference, $100 par	9,541	9,867
Common, n.p.v.	100,000	100,000
Working Capital		
Current assets	2,539,626	2,248,261
Current liabilities	748,827	361,759
Working capital	1,790,799	1,886,502

B. C. Pulp

Marked improvement in operations is shown by financial statements of British Columbia Pulp & Paper Co. for 1940.

Gross income of $2.3 millions is reported, compared with $435,955 in 1939. After large increases in provision for depreciation, the setting up of a new reserve for depreciation in inventory values, and higher payment for income tax, net profit for the year totalled $340,889, compared with a net loss of $147,182 in 1939.

The company states that it has not ascertained the amount of "excess" profits tax to be paid to the Dominion Government, but has made application to the Board of Referees. It has provided $850,000 for all income taxes, compared with $9,200 in 1939.

Inventories were valued at the end of 1940 at $1.5 million, compared with $894,364. A bank loan of $1.6 million appearing on the balance sheet in 1939 was eliminated in the past year.

Income and Deficit Account
Years Ended Dec. 31

	1940	1939
Gross income	2,309,749	435,955
Less: Directors' fees	3,000	3,000
Exec. sals., etc.	48,710	32,295
Bond interest	327,150	313,642
Depreciation	643,000	225,000
Invent. depr. prov.	97,000	......
Inc. & profits tax	850,000	9,200
Net profit	340,889	*147,182
Less: Prev. deficit	1,573,855	1,426,673
Deficit forward	1,232,966	1,573,855

*Loss or deficit.

Working Capital

Current assets	2,093,190	2,090,524
Current liabilities	1,316,061	1,955,054
Working capital	777,129	143,470

Holt, Renfrew

Holt, Renfrew & Co. reports substantial improvement in earnings in the year ended Jan. 31, 1941. Net profit was at the best level for any year since 1930.

Financial statements show operating profit of $268,171, compared with $150,380 in the previous year. Net profit after all charges, including tax provision, amounted to $101,926, compared with $63,679 in the previous year. This was equivalent to $10.19 on the 7% preferred, compared with $6.37 in the 1940 fiscal year. Earnings on common amounted to $3.19 a share, compared with a deficit earning of 63 cents. Preferred stock is in arrears since Dec. 31, 1932.

Lorne C. Webster, president, states in the annual report that sales continue to show a satisfactory increase. Stocks of merchandise on good condition have been conservatively valued, with proper provision for loss on accounts receivable.

Inventory was shown in the balance sheet at Jan. 31, 1941, at $692,257, compared with $752,743 at the end of the preceding year. Accounts receivable were up to $657,952 from $518,527. Mortgage payable was reduced by $20,750 to $352,750, while bank loan decreased by $70,000 to $360,000.

Income and Surplus Account
Years Ended Jan. 31

	1940	1939
	$	$
Net earnings	268,171	150,380
Less: Depreciation	66,334	29,279
Mortgage int.	18,070	19,107
Other interest	26,841	23,315
Inc. tax prov.	55,000	15,000
Net profit	101,926	63,679
Add: Prov. surplus	549,788	486,109
Less: Prior inc. tax	1,028	......
Surplus forward	650,686	549,788
Working Capital		
	$	$
Current assets	1,482,896	1,387,728
Current liabilities	531,976	566,938
Working capital	950,920	820,790

Rolland Paper

Rolland Paper Co. reports net operating profit of $542,141 in 1940, compared with $509,288 the preceding year. Heavier provision for depreciation and income and "excess" profits taxes, however, reduced net profit for the year to $161,724, from $196,214 in 1939.

This was equal to $10.78 a share on the 6% preferred stock in 1940 and $13.08 in 1939. On the common earnings were $1.20 and $1.77 a share.

Dividends were paid on the common at the rate of 75 cents a share in 1940, against 60 cents in the preceding year.

Working capital was reduced slightly and balance sheet shows an increase in funded debt of $175,000 to $2.1 millions. This reflects the issue of an additional $250,000 of bonds to finance capital expenditure, and retirement of $75,000 serial bonds maturing during the year. Addition to fixed assets in 1940 totalled $383,451, of which $350,736 was spent on the new papermaking machine at St. Jerome. The new machine, now in production, substantially increases capacity.

Income and Surplus Account
Years Ended Dec. 31

	1940	1939
	$	$
Net oper. profit	542,141	509,288
Add: Invest. inc.	6,164	7,994
Misc. income	1,479	1,580
Less: Directors' fees	1,620	1,600
Exec. remun.	46,588	44,700
Net earnings	501,576	472,562
Less: Deprec.	181,227	150,000
Bond interest	86,516	84,750
Inc. & profits tax	72,109	41,598
Net profit	161,724	196,214
Less: Pref. divds.	90,000	90,000
Common divds.	45,001	36,001
Surplus for year	26,723	70,213
Add: Prev. surplus	344,630	284,576
Secs. sale prof.	......	4,045
Less: Secs. sale loss	287	......
Bond disct. w/o	7,550	6,645
Prior inc. tax	4,552	......
Replaced assets adj.	......	7,559
Surplus forward	358,964	344,630
Working Capital		
Current assets	1,358,690	1,160,632
Current liabilities	487,863	276,404
Working capital	870,827	884,228
Balance Sheet Changes		
Cash	33,760	68,323
Receivables (net)	398,842	327,780
Inventories	841,753	538,067
Fixed assets	5,017,519	4,634,069
Deprec. res.	1,277,165	1,085,623
	3,740,354	3,548,446
Accts. & bills pay.	326,566	146,833
Funded debt	2,100,000	1,925,000

Quebec Telephone

Quebec Telephone and Power Corp. reports consolidated operating revenue in 1940 of $196,148. This compares with $180,000 the year before. After taking into consideration other revenues, expenses, bond interest and an increase of $8,000 in depreciation, there was a profit for the year of $19,245, against $22,255 in 1939.

Consolidated balance sheet shows an increase in property accounts from $1,382,618 to $1,435,322. Bonded debt declined $5,500 to $370,500. Other changes in the statement are relatively unimportant.

In his report to the shareholders, Ernest Beaubien, president, stated the company had in operation at the end of the year 4,089 stations, an increase of 11.2% over the preceding year.

Income and Surplus Account
Years Ended Dec. 31

	1940	1939
	$	$
Operating revenues	196,148	180,000
Other revenues	8,116	8,706
Gross	204,264	188,706
Operating expenses	120,102	109,871
Balance	84,162	78,835
Bond interest	18,548	18,773
Bond disc. amort.	2,602	2,196
Balance	63,012	57,866
Depreciation	43,767	35,611
Surplus	19,245	22,255
Previous deficit	6,105	29,640
Less: Adjustments	7,295	1,280
Deficit forward	5,845	6,105
Working Capital		
	$	$
Current assets	51,054	58,363
Invests. re: Bills rec.	37,023	34,504
	88,077	92,867
Current liabilities	31,864	21,597
	56,213	71,231

Hamilton United

Net earnings of Hamilton United Theatres Ltd. for the year ended Dec. 28, 1940, at $78,433 were nearly $5,000 above the figure for 1939. But a $10,000 increase in depreciation allowance and a jump of $6,500 in taxes brought net profit down by more than $12,000. Dividends on the 7% preferred stock are currently being paid at rate of 5% per annum against 5½% paid in 1940 and 6% in 1939. Redemption of preferred shares continues, with 398 shares redeemed in 1940, 623 in 1939. There are now 8,979 shares of preferred stock outstanding.

Income and Surplus Account
52 Weeks Ended

	Dec. 28 1940	Dec. 30 1939
	$	$
Net earnings	78,433	73,921
Add: Int. received	2,645	3,181
Less: Depreciation	26,771	16,740
Income taxes	18,670	12,166
Net profit	35,637	48,196
Less: Pfd. divs.	37,981	46,370
Surplus for year	†2,344	1,826
Add: Previous surp.	87,188	85,287
Profit sales assets	2,232	75
Surplus forward	87,076	87,188

†Deficit.

Earnings per Share:		
Preferred: Earned	$5.20	$6.64
Paid	5.50	6.00

Working Capital

	1940	1939
	$	$
Current assets	171,011	157,273
Current liabilities	28,446	13,225
	142,565	144,048

Sangamo Co.

Sangamo Co., maker of electrical equipment, reports net profits for 1940 reduced to $2.82 a share on its common from $3.79 a share in 1939, chiefly because of heavier taxes. Dividends of $2 a share were paid last year.

Increasing difficulty in obtaining supplies of raw materials and their longer delivery schedule, together with increasing volume of business, have made necessary carrying of considerably higher inventories, according to G. W. Lawrence, president. These are shown at $605,541 compared with $419,639.

The company has arranged to make special equipment required by the Department of Munitions and Supply. For the latter half of the year engineering and development facilities were almost entirely occupied with this work. Actual production was limited but with completion of tooling and installation of machinery was well under way early in 1941.

Increasing regular business, together with war contracts, have made necessary additional manufacturing space. Land has been purchased and contract let in December for a new building to cost $80,000. With sale of one existing plant assured and volume of motor business increasing a further contract was let in January for additional building to cost $45,000. This is to be completed in June.

Income and Surplus Account
Years Ended Dec. 31

	1940	1939
	$	$
Gross profit	499,135	437,811
Less: Sell. & admin.*	203,121	186,092
Add: Other income	1,866	15,635
Net earnings	297,880	267,354
Less: Wartime invent. res.	25,272	......
Prov. for conting.	......	40,000
Income tax	145,000	55,000
Net profit	127,608	172,354
Less Dividends:		
Preference	......	729
Common	90,606	67,954
Surplus for year	37,002	103,671
Add: Prev. surplus	461,986	358,315
Earned surplus fwd.	498,988	461,986
*Includes:		
Directors' fees	400	400
Exec. remuner.	37,150	34,250
Legal fees	582	318
Depreciation	51,508	46,157
Earned per share:		
Common	$2.82	$3.79
Paid	2.00	1.50
Shares O/s:		
Common, n.p.v.	45,303	45,303

Working Capital

	$	$
Current assets	861,888	769,034
Current liabilities	275,613	134,053
Working capital	586,275	634,981

American Cyanamid

American Cyanamid Co. reports sales in 1940 at the highest level in its history. As a result net profits are equivalent to $2.44 a share on the combined A and B common against $2.07 a share in 1939. Much higher taxes reduce the gain in net profit.

Interference of the war with European producers and with ocean shipping brought some extra business but the major portion of the activity was due to business conditions in the United States.

During the past year $6.3 millions was spent on plants. Balance sheet shows funded debt at $11.6 millions compared with $12 millions a year ago.

Current assets and liabilities of foreign subsidiaries, chiefly Canadian, are included in the balance sheet on basis of year-end exchange rates. Current assets of $8.8 millions include cash of $4.4 millions, and current liabilities are $2.3 millions. Foreign plants and facilities, at cost less reserve, are included at $2.1 millions and consolidated earned surplus includes $3.3 millions of undistributed earned surplus of foreign subsidiaries.

Consol. Income and Surplus Account
Years Ended Dec. 31

	1940	1939
	$	$
Net oper. profit	16,588,005	11,392,510
Add: Dividends, etc.	778,699	632,356
Royalties, licenses, etc.	226,596	198,102
Other earnings	55,228	53,336
Net earnings	17,648,528	12,276,304
Less: Deplet. & depr.	3,844,819	3,125,058
Research & devel.	2,531,782	1,925,372
Debt charges	457,431	532,962
Inc. & E.P. taxes	3,184,767	1,110,622
Conting. prov.	1,000,000	......
Minority int.	......	57,349
Net profit	6,629,729	5,524,941
Less dividends:		
Preference	234,063	104,193
Common	5,498,565	4,189,390
Surplus for year	897,101	1,231,358
Add: Prev. surplus	15,7 7,301	14,582,363
Less: Pf. conver. res.	157,580	46,420
Earned surp. fwd.	16,506,823	15,767,301
Earned per Share:		
Common	$2.44	$2.07
Paid in cash	0.60	0.60
In pref. stock	1.50	1.00
Shares O/s:		
Preferred, $10 par	854,861	468,127
Class A, $10 par	65,943	65,943
Class B, $10 par	2,552,421 4/9	2,552,426
Working Capital		
	$	$
Current assets	45,942,362	39,445,230
Current liabilities	12,754,508	9,040,125
Working capital	33,187,854	30,405,105

COMPETENT AND CONTINUOUS ADMINISTRATION

of your estate is assured when you name this company as your executor or trustee. Individuals die, resign and too often prove incompetent, but our perpetual life and expert service insures wise administration.

We will be glad to serve you in any capacity of trust.

MONTREAL TRUST COMPANY
Montreal Trust Building
61 Yonge Street Toronto
J. F. HOBKIRK, Manager

Canadian Airways Ltd. "Surveys" Cape Breton

From Our Own Correspondent

MONTREAL. — Survey of commercial air service possibilities in Cape Breton has been undertaken by Canadian Airways Ltd. There is a possibility of a feeder service from Moncton to Sydney or Halifax to Sydney, although no official comment is available on this point.

At present, Canadian Airways Maritime service provides "feeders" from Moncton to Halifax, Saint John, Charlottetown and Summerside.

LT.-GEN. A. G. L. McNAUGHTON, C.B., C.M.G., D.S.O.

Here's what they Say—

ABOUT THE SERVICES YOU MAKE POSSIBLE!

LIEUTENANT-GENERAL A. G. L. McNaughton, commanding the Canadian Corps overseas, speaks for Canada's fighting men. Letters home from the men themselves bear this out. Extracts from the few quoted are typical of tens of thousands.

(Cable sent March 17th, 1941, by General McNaughton)

MAJ. GEN. THE HON. A. D. McRAE, C.B.,
GENERAL CHAIRMAN, CANADIAN WAR SERVICES FUND,
TORONTO, CANADA.

THROUGH THE DEVOTED WORK OF THE MEN AND WOMEN ASSOCIATED WITH THE ORGANIZATIONS COMPRISING CANADIAN AUXILIARY SERVICES MUCH IS NOW BEING DONE FOR THE COMFORT AND WELFARE OF THE MEMBERS OF OUR ARMED FORCES BOTH AT HOME AND OVERSEAS. THIS FIELD OF USEFUL AND CONSTRUCTIVE EFFORT IS AS YET ONLY PARTIALLY COVERED AND MUCH MORE SHOULD BE DONE IN THE INTEREST OF THOSE NOW SERVING IN THE CANADIAN ARMY, NAVY AND AIR FORCE.

IT IS TO THE PEOPLE OF CANADA DIRECTLY THROUGH OUR GREAT NATIONAL, SOCIAL AND WELFARE ORGANIZATIONS THAT WE WILL LOOK FOR THE HELP WE NEED. ON BEHALF OF ALL, AND TO THIS END, I ASK YOUR GENEROUS CONTRIBUTION TO THE APPEAL NOW BEING MADE BY CANADIAN WAR SERVICES FUND.

McNAUGHTON

"These societies make no charge for gifts or work . . . you people at home need not hesitate in helping them."

"They have arranged all manner of entertainment for me . . . home visits, shows, dances and any number of sports."

"Without your help, we'd be lost for want of something to keep our spare time occupied."

"It means a lot when you are away from home and have nothing to do to pass the idle hours, to have somewhere to go where a fellow can have clean, respectable entertainment."

"The boys wish to say how much they appreciate the gifts which help to pass the long dreary hours from dark till lights out."

" . . . your splendid box of sports equipment was in use twenty minutes after arrival."

You have helped to buy planes and tanks and ships and guns—THIS appeal is for the boys themselves. They rely on the folks back home. This is the ONLY NATIONAL APPEAL, this year, for our men in uniform. It enables you to combine a whole year's givings to six organizations which formerly appealed to you separately.

Your money started these services. Your money is needed to continue them. They are performed on an organized basis, with human understanding, by six agencies that know how to do the job well. An army of workers labours unceasingly to carry these services wherever our men need them. Every dollar is made to count.

Let the volunteer helper who calls on you carry back your pledge of fullest support for our fighting men.

*SALVATION ARMY
*Y.M.C.A.
*Y.W.C.A.
CANADIAN LEGION WAR SERVICES
K. of C. CANADIAN ARMY HUTS
**I.O.D.E.

*Includes Home Service
**For Western Provinces Only

THE BOYS RELY ON THE FOLKS BACK HOME!

You never have failed them—you will not now.

Give Generously!

National Headquarters — 200 Bay St. Toronto, Canada

Six Appeals in One—GIVE!

CANADIAN WAR SERVICES FUND

Needs $5,500,000

A Home that Savings Built

Savings are not just money . . . they are houses, farms, travel, enjoyment of life. Money is only the means to an end. The owner of this home used the facilities of the Canada Permanent to accumulate the money with which to build, and his savings paid for it over a period of time. Thousands are doing the same. Canada Permanent is ready to help you also to SAVE and BUILD. Its faith in the future of Canada has remained unswerving since 1855.

CANADA PERMANENT
Mortgage Corporation
Head Office, 320 Bay St., Toronto
ASSETS EXCEED $67,000,000

J. P. LANGLEY & CO.
C. P. ROBERTS, F. C. A.
Chartered Accountants
TORONTO
KIRKLAND LAKE
ONTARIO

THE ONTARIO LOAN AND DEBENTURE CO
LONDON, CANADA
Established 1870
DEPOSITS ACCEPTED
5-YEAR DEBENTURES ISSUED
Deposits and Debentures (31 Dec., 1940), $12,147,569
Capital (Fully Paid), $2,000,000
Reserve Fund, $2,400,000

Canadian Pacific Railway Company

SIXTIETH ANNUAL REPORT

OF THE

Directors of Canadian Pacific Railway Company

YEAR ENDED DECEMBER 31, 1940

To the Shareholders:

The accounts of the Company for the year ended December 31, 1940, show the following results:—

INCOME ACCOUNT

Gross Earnings			$170,964,897.01
Working Expenses (including taxes)			135,325,458.93
Net Earnings			$ 35,639,438.08
Other Income			10,692,163.30
			$ 46,331,601.38
Fixed Charges		$ 25,380,715.44	
Interest on bonds of Minneapolis, St. Paul & Sault Ste. Marie Railway Company, guaranteed as to interest by your Company		805,830.00	
			26,186,545.44
Net Income			$ 20,145,055.94
Dividends on Preference Stock:			
2% paid October 1, 1940	£564,069.10.10	$2,521,390.85	
2% payable February 1, 1941	564,069.10.10	2,521,390.85	
			5,042,781.70
Balance transferred to Profit and Loss Account			$ 15,102,274.24

PROFIT AND LOSS ACCOUNT

Profit and Loss Balance December 31, 1939		$141,353,502.86
Balance of Income Account for the year ended December 31, 1940		15,102,274.24
		$156,455,777.10
Deduct:		
Amount credited investment reserve owing to impairment in investment in Minneapolis, St. Paul & Sault Ste. Marie Railway Company	$ 10,000,000.00	
Loss on lines abandoned and on property retired and not replaced	1,539,475.25	
Miscellaneous—Net Debit	871,006.39	
		12,410,481.64
Profit and Loss Balance December 31, 1940, as per Balance Sheet		$144,045,295.46

Net Income for the year amounted to $20,145,055, being $10,362,907 greater than in 1939.

Railway Earnings and Expenses

The comparative results of railway operations were as follows:

	1940	1939	Increase or Decrease
Gross Earnings	$170,964,897	$151,280,699	$ 19,684,198
Working Expenses (including taxes)	135,325,459	122,756,880	12,568,579
Net Earnings	$ 35,639,438	$ 28,523,819	$ 7,115,619
Expense ratios:			
Including taxes	79.15%	81.15%	2.00
Excluding taxes	74.61%	78.26%	3.65

Gross earnings increased by $19,684,198, or 13.0%. Each month contributed to this increase with the exception of September during which there was a substantial reduction owing to the absence of the usual heavy movement of grain.

Freight earnings increased by $15,493,585, or 12.9%, and were greater than those of any year since 1929.

Earnings from grain and grain products showed a decrease of $4,171,034, or 13.1%. The total handling of all grains during the year amounted to 166 million bushels, as compared with 203 million bushels in 1939, an average of 155 million bushels for the years 1930-1939 (during which grain production was generally sub-normal) and an average of 254 million bushels for the years 1925-1929. Delayed movement of the 1939 crop resulted in increases in grain earnings during the early months of the year, but these were more than offset by reductions in the autumn months.

The Prairie Provinces wheat crop of 525 million bushels in 1940 was second only to the 1928 crop of 545 million bushels, the largest in the history of these Provinces. However, with much of the normal export market closed as a result of the war, the terminal elevators were overtaxed, and it became necessary to hold a large part of the wheat on farms or in country elevators. At the end of the year it was estimated that only 30 per cent. of the crop had been moved, as compared with about 60 per cent. in 1939 and 70 per cent. in 1938.

Apart from grain, freight earnings increased 22.2%, gains being shown in every important class of commodity except fruits and vegetables and anthracite coal. There were particularly heavy movements of manufactured goods, construction materials, petroleum products, bituminous coal, coke, and miscellaneous freight. Owing to lack of ocean tonnage on the Pacific large consignments of lumber and timber moved from British Columbia to eastern ports for shipment overseas, and special rates were provided for this movement. The inability of producers of pulp and paper in enemy-controlled parts of Europe to reach American markets was an important factor leading to increased movement of these commodities from Canada. There was a substantial gain in shipments of dressed meats and packing house products to the United Kingdom. Ores and concentrates and refinery and smelter products moved in increased volume. Owing to wartime conditions, there was a notable change in the geographical distribution of originating tonnage. Losses in the Prairie Provinces were more than counterbalanced by impressive increases in the East and in British Columbia.

Passenger earnings increased by $2,784,687, or 17.8%, as a result both of military movements and of increased business activity. Among the adverse features were the virtual disappearance of ordinary passenger traffic in connection with the Atlantic steamships and a considerable reduction in travel through Pacific Coast ports. Unfortunately, during the summer widespread publicity was given to false reports of difficulties encountered by United States citizens in entering and leaving Canada. These tended to interfere with tourist traffic in the early part of the season, but later their effect was largely overcome by intensive publicity in which your Company participated.

Other earnings increased by $1,405,925, or 9.2%, notwithstanding a decrease of $2,236,232 in steamship traffic commissions, which were discontinued on February 1, as explained at the last annual meeting. Under this heading the largest increase was in express earnings, but sleeping car, dining car, news service and other passenger train revenues also showed considerable gains. There was also a substantial improvement in switching and storage revenues and other miscellaneous items.

Working expenses increased by $12,568,579, or 10.2%. Excluding taxes, the increase was $9,163,205, or 46.55% of the increase in gross earnings. The ratio of working expenses (excluding taxes) to gross earnings of 74.61% was the lowest ratio of any year since 1917, with the exception of 1926 when it was 74.41%.

Maintenance of way and structures expenses increased by $2,119,456, or 10.9%. During the year 1,473,986 treated and 1,609,582 untreated ties were placed in track. New rail laid totalled 229 single track miles. Rock ballast was applied to 108 single track miles between Winnipeg and Fort William, completing the rock ballasting of the main line between these points.

Maintenance of equipment expenses increased by $4,955,668 or 17.2%. Effective January 1, depreciation for rolling stock was provided on the basis of use. This involved charges to maintenance to the amount of $10,317,760, as compared with charges for retirements in 1939 of $7,411,151. The difference of $2,906,609 reflects the increase in the use of rolling stock as well as the change in the method of accounting. Expenditure on locomotive repairs amounted to $8,864,494 and included the shopping of 572 engines for heavy repairs. The boilers of 15 passenger locomotives were completely renewed, and new tenders were provided for 19 freight locomotives. Expenditure on freight train car repairs amounted to $6,489,285 and included main shop overhauling of 11,738 freight cars. Passenger train car repairs amounted to $5,034,367 and included the overhauling of 1,167 passenger cars. At the close of the year 89.5% of locomotives and 96.0% of freight cars were in serviceable condition, as against 85.6% and 96.5%, respectively, at the end of 1939.

Transportation expenses increased by $3,344,182, or 6.1%. They amounted to 33.97% of gross earnings as compared with 36.18% in 1939. This was the best ratio yet attained. The improvement in transportation performance is further indicated by the following comparisons:

	1940	1939
Freight train fuel consumption — pounds per 1,000 gross ton miles	97	99
Freight train load — tons	1,747	1,717
Freight train speed— miles per hour	17.5	17.2
Gross ton miles per freight train hour	30,653	29,573

Other working expenses increased by a net amount of $2,149,273. As a result of the changed method of accounting for the cost of soliciting ocean steamship traffic, to which reference has previously been made, traffic expenses incurred on account of the ocean steamships have been charged directly against their earnings and are no longer included in railway working expenses. In 1940, expenses so charged amounted to $1,611,692. The expenses of the Immigration and Colonization Department, amounting to $231,837, were included in traffic expenses instead of being charged to Land Surplus as in previous years. While some of the work of this department is still directly related to the sale of lands, the greater part of its activities now has in view the long term traffic benefits brought about by increased settlement and the development of the resources of the country. During the year the salaries of the senior officers and the fees of the Directors were restored to the basic rates of 1930. Taxes were higher by $3,405,373, bringing railway tax accruals for the year up to $7,765,865, an increase of 78.1%.

Other Income

Other income totalled $10,692,163, an increase of $3,927,312, or 58.1%.

Dividend income increased by $77,822. There was an increase of $420,625 in dividends received from The Consolidated Mining and Smelting Company of Canada, Limited, which were at the rate of $2.25 per share as compared with $2.00 in 1939, but this was partially offset by a decrease in other dividends.

Net income from interest, exchange, separately operated properties and miscellaneous sources increased by $87,527. Interest received on deferred payments under land contracts, which heretofore has been credited to Land Surplus, was included for the first time under this caption.

The operation of ocean and coastal steamships resulted in a net profit of $3,075,910, as compared with a net loss in 1939 of $71,274. As reported at the last annual meeting, commencing with their first voyage from the United Kingdom after February 1, most of your Company's Atlantic fleet were requisitioned by the Ministry of Shipping to be operated for the account of the British Government. Some details of hire for requisitioned vessels remained unsettled at the end of the year, and the items affected have been estimated for inclusion in the year's results. As your fleet was intensively used throughout the year, the withdrawal of vessels from service for normal overhaul was necessarily restricted, but adequate provision for maintenance has been made in the accounts. Depreciation was accrued on all ships at the same rate (5%) as adopted by the British Ministry of Shipping in its chartering arrangements. Four of your Company's ocean vessels, having a gross tonnage of 78,666, were sunk by enemy action during 1940, and at the end of the year your fleet was reduced to 246,072 gross tons. The operation of coastal steamships resulted in increased earnings, and no damage of an important nature was sustained by vessels in this service during the year.

There was an improvement of $614,779 in net earnings of hotel, communication and miscellaneous properties, of which amount hotel operations accounted for $228,406 and communications $217,686.

Fixed Charges and Guaranteed Interest

Calculated on the same basis as last year, there was an actual decrease of $206,909 in fixed charges. However, owing to the inclusion under this caption of $886,932 interest on the Twenty Year 4½% Sinking Fund Note Certificates heretofore charged against Land Surplus, fixed charges are shown at a figure $680,023 greater than a year ago. The amount charged Income Account for guaranteed interest on Soo Line bonds is the same as that accrued in 1939.

Dividends

Dividends aggregating $5,042,782, representing 4% on the non-cumulative Preference Stock, were declared from the net income of the year. Your Directors decided that no action should be taken with respect to a dividend for the year 1940 on the Ordinary Capital Stock.

Profit and Loss Account

Following negotiations with the Trustees of the Soo Line certain changes in traffic arrangements with that company were brought about during the year which, it is estimated, will result in an increase in your Company's net earnings of approximately $400,000 per annum on traffic interchanged with that company. The change has necessitated a reduction in the estimate of prospective earnings and consequently of the probable capitalization of the reorganized Soo Line. This and other considerations which have developed during our discussions with the Trustees and representatives of the bondholders have indicated the necessity of making additional provision for impairment in your investment in the Soo Line, and an amount of $10,000,000 was accordingly appropriated from Profit and Loss and credited to investment reserve. However, it may be pointed out that the benefit to your Company from the gain in net earnings above referred to will be much greater than any probable return on the additional junior securities which might otherwise have been received from a larger capitalization of the reorganized company.

Loss on lines abandoned and on property retired and not replaced amounted to $1,539,475. This loss represents the cost of facilities no longer required under conditions and operating methods now prevailing. The lines abandoned were the following:—Ste. Therese to St. Eustache in the Province of Quebec—six miles; Gertrude to O'Donnell in the Province of Ontario—three miles; and Vernon to Okanagan Landing in the Province of British Columbia—four miles.

Land Accounts

During the year, 99,933 acres of agricultural lands were sold for $807,678, an average price of $8.08 per acre. This included 2,173 acres of irrigated land which were sold at an average of $44.83 per acre, and 97,760 acres of other land at an average of $7.27.

Cash receipts on land account totalled $2,596,776, including $232,959 from petroleum rights, coal land rents and royalties and gas royalties. Collections on farm contracts were poor as a result of the slow disposition of the 1940 crop, but this was more than offset by increases in initial instalments and deferred payments on timber land and other contracts. Disbursements for land and irrigation expenses, including taxes, totalled $1,394,462, and net cash receipts amounted to $1,202,314.

In pursuance of the policy of rendering assistance to farmers in the Western Provinces who have suffered from adverse conditions throughout the year, your Company continued its concessions on substantially the same terms as in former years. Since 1932, the rebates of interest and concessions for cash payments to holders of farm contracts have totalled $16,842,458.

Balance Sheet

The General Balance Sheet and supporting schedules are in their usual form. The liability for all bonds, notes and equipment obligations of the Company, including the Twenty Year 4½% Sinking Fund Note Certificates previously carried as a separate item, is recorded under a new caption, Funded Debt.

In connection with the adoption of depreciation accounting for rolling stock, $48,134,205 was added to your Company's investment in rolling stock to bring it up to the original cost of the units presently in service. An equal amount was concurrently credited to Rolling Stock Depreciation Reserve. As has been previously explained, the excess of the cost of units in service over book values arose during the years prior to 1930 when units of rolling stock retired were replaced with new units of greater capacity and at higher prices without making any charge against investment account.

The cost of the four ocean vessels lost during the year, aggregating $23,061,243, was retired from property investment and this cost, less insurance recoverable in respect of the basic values agreed upon with the British Government, was charged against amounts already provided in Steamship Depreciation Reserve. This insurance has been set aside in a Steamship Replacement Fund which, at the close of the year, totalled $18,620,840. Cash as received in settlement of claims, together with interest earned by the fund, has been and will be invested in readily marketable securities until such time as conditions are favourable for replacing the tonnage lost. In accordance with the new War Risk Insurance arrangements, which became effective May 8, 1940, further insurance recoveries aggregating more than £600,000 with respect to the vessels other than the "Beaverburn" (which was governed by prior arrangements) are to be placed to the credit of your Company by the Ministry of Shipping in an interest bearing account. The total of the credits to this account will represent the maximum additional amount recoverable as an offset to any increased cost of replacement which may occur. It may be drawn upon, under conditions set forth by the Minister of Shipping, as replacements are effected.

It has become apparent that there is no prospect of realizing any value in the reorganization of The Duluth, South Shore & Atlantic Railway Company from the $3,000,000 Income Certificates of that company issued in 1912 which your Company holds. This asset has, therefore, been written off against investment reserves previously provided. It is anticipated that the book value of your Company's remaining investments in the South Shore will be approximately equal to the amount of the securities which will be issued to your Company in the reorganization.

Finance

Serial 3% Collateral Trust Bonds to the amount of $1,000,000 were redeemed, and $1,152,500 6% Collateral Trust Bonds, due 1942, were purchased and cancelled. The $15,000,000 2½% Collateral Trust Bonds, maturing April 1, 1941, were called for redemption on October 1. Of these bonds, $14,146,000 had been redeemed by the end of the year. The amount owing with respect to the remaining $854,000 of bonds is included in the balance sheet under Other Current Liabilities. Consolidated Debenture Stock to the amount of $19,792,600, pledged as collateral to these bonds, was released and cancelled.

Equipment obligations to the amount of $3,254,769 matured and were paid, and Consolidated Debenture Stock to the amount of $268,000, pledged under Series "D", was released and cancelled. An amount of $2,731,467 was deposited with the Trustee of the Equipment Trust maturing July 1, 1944. Under the terms of the agreement covering that Trust, the Trustee purchased and cancelled $927,000 of the Equipment Trust Certificates.

Serial 4% Secured Notes to the amount of $638,285 were redeemed on February 1, and on such redemption Consolidated Debenture Stock to the amount of $1,306,100 was released and cancelled. Later in the year, owing to the decline in its market value it became necessary to deposit further amounts of Consolidated Debenture Stock to an aggregate of $8,883,600 as additional security for the balance of the Notes. In October, owing to the improvement in its market value, stock to the amount of $5,814,400 was withdrawn and cancelled.

Twenty Year 4½% Sinking Fund Secured Note Certificates to the amount of $784,500 were purchased by the Trustee and cancelled.

Repayment was made to the Dominion Government of $210,940 in reduction of the liability for loans made on account of unemployment relief.

On March 1, $2,000,000 of the 3% Serial Secured Notes, maturing on December 1, were prepaid. On December 2, the notes of this issue, maturing December 1, 1941, and December 1, 1942, and aggregating $4,000,000, were prepaid. As a result of such prepayments Consolidated Debenture Stock to the amount of $3,600,000 was released and cancelled, and 100,000 shares of Capital Stock of The Consolidated Mining and Smelting Company of Canada, Limited, were released.

The financial transactions for the year set forth above resulted in the retirement without refunding of $29,929,680 of bonds, notes and other obligations, and in a reduction of $21,897,500 in the amount of Debenture Stock issued as collateral.

New equipment to the value of $9,951,490 was acquired during the year, and the cost was covered by a hire-purchase agreement entered into with the Dominion Government. Under the agreement the principal amount is repayable in equal annual instalments of $663,432 from June 6, 1941, to June 6, 1955, with interest at the rate of 3½% per annum on the unpaid balance, payable semi-annually.

Canadian Pacific Railway Company

General Balance Sheet, December 31, 1940

ASSETS

PROPERTY INVESTMENT:		
Railway, Rolling Stock, Inland Steamships, Hotel, Communication and Miscellaneous Properties	$846,653,117.55	
Improvements on Leased Railway Property	96,959,008.67	
Ocean and Coastal Steamships	81,784,632.96	
Stocks, Bonds and Other Securities of Leased, Controlled and Jointly Controlled Railway Companies and Wholly Owned Companies	195,967,035.74	
		$1,221,363,794.92
OTHER INVESTMENTS:		
Miscellaneous Investments—Cost	$ 26,312,067.27	
Advances to Controlled and Other Companies	25,937,756.67	
Mortgages Collectible and Loans & Advances to Settlers	3,769,892.39	
Insurance Fund Investments	8,265,674.54	
Deferred Payments on Lands and Townsites	32,267,948.44	
Unsold Lands and Other Properties	24,689,654.62	
Steamship Replacement Fund	18,620,839.99	
		139,863,833.92
CURRENT ASSETS:		
Material and Supplies	$ 18,857,226.37	
Agents' and Conductors' Balances	9,267,656.83	
Miscellaneous Accounts Receivable	8,095,957.09	
Cash	38,029,312.29	
		74,250,152.58
UNADJUSTED DEBITS:		
Insurance Prepaid	$ 150,762.30	
Unamortized Discount on Bonds	2,307,418.09	
Other Unadjusted Debits	448,514.87	
		2,906,695.26
		$1,438,384,476.68

NOTE—Particulars of securities held for account of the Company, of obligations of the Company in respect of the principal of securities of other companies owning railway lines operated under lease, and of contingent liabilities of the Company are set out in the accompanying schedules.

LIABILITIES

CAPITAL STOCK:		
Ordinary Stock	$335,000,000.00	
Preference Stock—4% Non-cumulative	137,256,921.12	
		$ 472,256,921.12
PERPETUAL 4% CONSOLIDATED DEBENTURE STOCK	$479,421,128.74	
LESS: Pledged as collateral to bonds, note and equipment obligations	183,982,900.00	
		295,438,228.74
FUNDED DEBT	$219,101,211.95	
LESS: Securities and cash deposited with Trustee of 5% Equipment Trust	11,311,736.70	
		207,789,475.25
CURRENT LIABILITIES:		
Audited Vouchers	$ 5,150,263.36	
Pay Rolls	3,232,097.26	
Net Traffic Balances	731,338.08	
Miscellaneous Accounts Payable	4,577,649.68	
Accrued Fixed Charges and Guaranteed Interest	2,476,046.62	
Unmatured Dividend Declared	2,521,390.85	
Other Current Liabilities	5,282,400.36	
		23,971,186.21
DEFERRED LIABILITIES:		
Dominion Government Unemployment Relief	$ 3,428,162.71	
Miscellaneous	2,404,201.38	
		5,832,364.09
RESERVES AND UNADJUSTED CREDITS:		
Rolling Stock Depreciation Reserve	$ 61,792,225.52	
Hotel Depreciation Reserve	7,117,252.69	
Steamship Depreciation Reserve	51,988,550.56	
Investment Reserves	17,526,313.32	
Insurance Reserve	8,265,674.54	
Contingent Reserves	5,184,830.86	
Unadjusted Credits	2,711,098.18	
		154,585,945.67
PREMIUM ON CAPITAL AND DEBENTURE STOCK		68,551,646.45
LAND SURPLUS		65,913,413.69
PROFIT AND LOSS BALANCE		144,045,295.46
		$1,438,384,476.68

E. A. LESLIE, Comptroller.

Auditors' Certificate:

We have examined the Books and Records of the Canadian Pacific Railway Company for the year ending December 31, 1940, and having compared the above Balance Sheet and related schedules therewith, we certify that in our opinion it is properly drawn up so as to show the true financial position of the Company at that date, and that the Income and Profit & Loss Accounts correctly set forth the result of the year's operations.

Montreal, March 7, 1941.

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

Pensions

Working expenses during the year were charged with $3,372,570, representing contributions and levies for pensions and annuities in respect of employees who come under your Company's pension plan and the United States Railroad Retirement Act. Included was the first of a number of special annual contributions of $400,000 authorized by your Directors to be made directly to the Pension Trust Fund. Actuarial reports have shown that, at the existing wage and employment levels, the outlay for pensions will continue to increase for a number of years. Thereafter, as the proportion of the allowance paid from the Pension Trust Fund increases, the cost to your Company will decline somewhat and then become stabilized. The special annual contributions are designed to assist in meeting the anticipated peak period of cost. Pension allowances paid by your Company during 1940 amounted to $2,893,545.

Employees retired during the year and eligible for allowances under your Company's pension plan numbered 636. Deaths and other causes removed 271 pensioners from the roll, and at December 31 the number of survivors and their distribution by ages were as follows:

Under 60 years of age	242
From 60 to 64 years of age inclusive	437
From 65 to 70 years of age inclusive	1,971
Over 70 years of age	1,514
	4,164

Minneapolis, St. Paul & Sault Ste. Marie Railway Company

The comparative railway operating results of this company were as follows:

	1940	1939	Increase
Gross Earnings	$16,669,060	$14,873,396	$ 1,795,664
Working Expenses (including taxes)	14,632,782	14,030,423	602,359
Net Earnings	$ 2,036,278	$ 842,973	$ 1,193,305

Increased traffic in grain and iron ore was largely responsible for the improvement in gross earnings. The grain crop harvested in the area tributary to the Soo Line was the largest since 1930, amounting to approximately 40 million bushels as compared with 34 million in 1939. Maintenance of way and structures accounted for more than half of the increase in working expenses, with transportation making up most of the balance. Net earnings, though improved, were still far from adequate for interest requirements.

Negotiations between your Company and representatives of holders of Soo Line Bonds have recently resulted in an agreement in principle and the Trustees of the Soo Line are now engaged in the preparation of a plan of reorganization for submission to the Court and the Interstate Commerce Commission. It is expected that the plan will be filed before April 1, 1941.

Of the various actions, mentioned in the annual report for 1939, claiming that the obligation of your Company under its guarantee of interest on the First Consolidated Bonds remains in effect until the principal amount is paid, one action has been dismissed for want of jurisdiction and in another, which has come to trial, judgment was given in favour of your Company. No appeal has been taken in either of these cases. The other actions referred to, including that in the Circuit Court of Cook County, Illinois, are still pending.

The Duluth, South Shore & Atlantic Railway Company

The comparative railway operating results of this company were as follows:

	1940	1939	Increase
Gross Earnings	$2,569,730	$2,272,514	$ 297,216
Working Expenses (including taxes)	2,290,008	2,189,427	100,581
Net Earnings	$ 279,722	$ 83,087	$ 196,635

The increase in gross earnings resulted largely from improvements in general freight traffic. More than three-quarters of the increase in working expenses was for maintenance.

Negotiations with representatives of holders of First Mortgage Bonds were continued during the year, but the institution by certain holders of an action to settle the questions underlying the allocation of new securities has delayed the filing of a plan of reorganization. The time within which a plan must be filed has been extended by the court to May 31, 1941.

Rates and Services

Except for twelve new agreed charges, put into effect during the year and the special rates covering the export movement of lumber and timber from British Columbia, which have been previously mentioned, there was no material change in the general level of freight rates. The freight revenue per ton mile was the lowest since 1918, being 0.84 cents as compared with 0.85 cents in 1939.

Partly as a result of heavy military traffic at low rates, passenger revenue per passenger mile reached the lowest level since 1916, being 1.97 cents as compared with 2.06 cents in 1939. Local bargain excursion traffic was heavier than in the previous year.

The capacity of your Company to meet the growing demands upon it for fast and efficient freight and passenger service was further increased by the delivery to it during the year of the rolling stock to which reference was made in the last annual report and of 200 of the freight cars ordered subsequently. Of the 29 new locomotives received, 12 of the Pacific type were placed in freight service on sections of the main line having relatively light grades; 12 of the heavy Mikado type were assigned to territories having more severe operating conditions; and 5 of the Royal Hudson type, oil burning and equipped with boosters, have been assigned to passenger service west of Revelstoke, B.C. The Pacific type and the Royal Hudson type are suitable for both heavy passenger and fast freight service. The 1,500 new freight cars received consisted of 1,000 standard 40-ton steel box cars, 200 79-ton steel gondola cars, 200 refrigerator cars equipped with overhead brine tanks, and 100 automobile cars of the latest type. Ten 70-foot mail and express cars of all-steel construction were received and put into service on main line passenger trains during the year.

Wartime Activities

At the outbreak of war, your Company placed all of its facilities, services and staff at the disposal of the Governments of Great Britain and Canada, and has taken measures to insure the fullest co-operation with every Government agency. With its well maintained properties and equipment it has been able to meet, efficiently and expeditiously, all calls made upon it as a result of the expansion of national productive activities and the transportation of His Majesty's forces and war supplies.

The manufacturing facilities of your Company's shops are being used increasingly for the production of materials of war. Tanks and other equipment are being made at the Angus Shops in Montreal, and preparations are being made to produce naval guns and mountings at the Ogden Shops in Calgary.

All of your Company's ocean steamships are now either in naval service or being operated for the account of the British Government. On February 5, the freight steamship "Beaverburn" was torpedoed and sunk. On October 26, your Company's flagship, the "Empress of Britain," after defending herself gallantly against an attack by enemy aircraft, was set on fire by bombs, and was torpedoed and sunk while being towed to port. On November 5, the freight steamship "Beaverford" was sunk by an enemy raider, and in December the "Montrose," which had been commissioned as an armed cruiser, was torpedoed and sunk. On November 9, the "Empress of Japan" was attacked by aircraft, but, through the courage and skill of her officers and crew, escaped with only slight damage. It is with the deepest regret that the loss of 401 officers and men must be reported as a result of these encounters.

The steamship "Niagara" of the Canadian Australasian Line, Limited, in which your Company has a one-half interest, was sunk by a mine on June 18, fortunately without loss of life.

An Air Services Department has been organized by your Company in co-operation with the British Ministry of Aircraft Production and is performing important services connected with the movement of military aircraft. Your Company is reimbursed only for the direct costs incurred in performing these services.

The Chairman and President of your Company has continued to act as the representative in Canada of the British Ministry of Shipping, assisted by a number of traffic and steamship officers. A large number of the directors, officers and employees of your Company have been engaged in advisory, executive and technical duties in many of the war activities of the United Kingdom and the Dominion.

In addition to the services rendered by the members of your Company's staff in connection with the foregoing activities, 2,399 officers and employees had, up to the end of 1940, enlisted in the armed forces, while a large number of others are preparing for military or naval service in reserve units and training corps.

Other wartime activities have been encouraged and facilitated. The National Registration of your Company's officers and employees in Canada was carried out with the fullest co-operation of those concerned. War Saving Stamps have been placed on sale at all your Company's agencies in the Dominion, and an active campaign has been carried on throughout the system to encourage the regular purchase of War Savings Certificates by means of deductions from wage and salary cheques. A special appeal, sponsored by the employees, has been made for contributions of old gold to the "Canadian Pacific Golden Bomber Fund," and a substantial amount has already been collected. Red Cross units and other patriotic activities have been organized extensively among the employees, and the use of your Company's facilities has been made available for such purposes.

During the year your Directors authorized a contribution of $150,000 to a committee established under the auspices of the Government of Canada to conduct special scientific research in connection with war activities, in collaboration with the National Research Council.

The spread of the conflict throughout Europe has seriously affected your Company's activities. All the agencies in territory occupied by the enemy have been abandoned. The members of the staff evacuated from these offices have been zealous in the protection of your Company's interests, often at considerable personal hazard. The officers and employees in Great Britain, and other zones of active combat, deserve the highest commendation for their continued conduct of business under circumstances of great danger. Your Company's office building at Southampton was demolished in a bombing raid.

Capital Expenditures

In anticipation of your confirmation, your Directors authorized capital appropriations for the year 1940 amounting to $4,991,093 in addition to those approved at the last annual meeting. Of this amount $3,568,939 was for the purchase of new rolling stock of which 200 gondola cars were received during the year and the balance, consisting of 300 twin hopper coal cars, 25 first class coaches and 10 baggage and express cars, are for delivery in 1941.

Capital appropriations for the present year, for which your approval will be requested, total $15,146,313, the principal items being as follows:

Replacement and enlargement of structures in permanent form	$ 179,421
Additions and betterments to stations, freight sheds, coaling and watering facilities and engine houses	1,023,178
Ties, tie plates, rail anchors and miscellaneous roadway betterments	1,653,270
Replacement of rail in main and branch line tracks with heavier section	616,953
Installation of automatic signals	84,620
Additions and betterments to shop machinery	209,120
Additional terminal and side track accommodation	442,477
New rolling stock	9,730,950
Additions and betterments to rolling stock	740,591
Additions and betterments to hotels	39,591
Additions and betterments to communication facilities	344,567

The appropriations for new rolling stock provide for the purchase of 35 Pacific type locomotives, 250 twin hopper coal cars, 250 three hopper coal cars, 500 box cars, 150 automobile cars, 25 conductors vans and 25 first class coaches. The interior finish for the first class coaches will be applied in your Company's Angus Shops.

Co-operation With the Canadian National Railways

Studies with a view to co-operative projects under the provisions of the Canadian National-Canadian Pacific Act were continued throughout the year, but only one additional project, the abandonment of 24.6 miles of Canadian National line between St. Canut and Cushing Junction, Quebec, was made effective. The territory formerly served by this line is now served exclusively by your Company, and the net economy secured by the abandonment, estimated at $24,000 per annum, is being shared equally between the two railways.

During the year, the Board of Transport Commissioners issued orders approving applications involving abandonment of 108.7 miles of line, and disallowing abandonment in respect of 56.7 miles. At the end of the year, applications remaining before the Board comprised 372.3 miles of line, including 238.1 miles operated by your Company.

Co-operative measures now in effect are estimated to produce an annual net economy of $1,172,000, one-half of which accrues to each Company, while projects pending, most of which are subject to approval by the Board of Transport Commissioners, are estimated to produce a further joint saving of $705,000 per annum.

Agreements

The following agreements made by your Directors will be submitted for your approval:—

1. Agreement dated June 15, 1940, between the Canadian National Railways Company and your Company made pursuant to the Canadian National-Canadian Pacific Act of 1933, which directs the two companies to endeavour to agree upon co-operative measures, plans and arrangements for the purpose of effecting economies and providing for more remunerative operations. Under this agreement the Canadian National Railways Company agrees to abandon the operation of its line of railway paralleling the line of your Company between Cushing Junction and a point approximately two miles easterly of St. Canut in the Province of Quebec, a distance of 24.6 miles, and to discontinue its communications and express businesses in the territory between Cushing Junction and the said point, the burden and advantage resulting from the abandonment to be equitably distributed between the two companies by a monthly payment by your Company to the Canadian National Railways Company of $502 which may be commuted by a capital sum payment of $120,674.

2. Agreement dated as of January 1, 1938, between His Majesty the King, represented by the Minister of Transport, and your Company, whereby your Company is granted the right to have its tracks connected with the tracks of His Majesty at points in the City of Fredericton and the Town of South Devon in the Province of New Brunswick and to operate its trains, engines and cars with its own crews over the tracks of His Majesty between Fredericton and South Devon for the purpose of passing over the bridge of His Majesty across the St. John River and of turning trains, engines and cars on the wye tracks of His Majesty in Fredericton, all for a period of 21 years renewable as therein provided and on terms and conditions whereby your Company is to pay to His Majesty 40% of the interest at 4½% per annum upon the joint section capital account as agreed to from time to time, 40% of rentals paid on such leased property as may be added to the joint section, a wheelage proportion of the maintenance and operation expenses of the joint section, and a charge of $1.00 for each turning movement on the wye tracks.

Stock Holdings

The holdings of the Capital Stock of your Company at December 31 were as follows:

	ORDINARY		PREFERENCE		TOTAL
	No. of Holders	Percentage of Stock	No. of Holders	Percentage of Stock	Percentage of Stock
Canada	26,408	18.04	158	.94	12.98
United Kingdom and other British	19,204	53.03	25,557	95.96	65.75
United States	15,366	22.63	56	.26	16.00
Other Countries	3,541	6.30	590	2.84	5.27
	64,519		26,361		

Changes in Directorate

It is with deep regret that your Directors record the death, on September 10, of the Honourable J. Marcelin Wilson, who had been a member of the Board since August, 1935.

Mr. L. J. Belnap was appointed a Director to fill the vacancy caused by the death, in 1939, of Sir Charles Gordon, and Mr. Aimé Geoffrion, K.C., was appointed to succeed the Honourable Mr. Wilson.

Retiring Directors

The undermentioned Directors will retire from office at the approaching annual meeting. They are eligible for re-election.

Sir Edward Beatty, G.B.E.
Mr. Aimé Geoffrion, K.C.
Mr. G. Blair Gordon
Rt. Hon. Arthur B. Purvis, P.C.

It is with sincere appreciation that your Directors acknowledge the continued efficiency and unfailing loyalty of the officers and employees of your Company under conditions of great national stress.

For the Directors,
E. W. BEATTY,
President

Montreal, March 10, 1941.

SERVING THE COMMUNITY

Savings Accounts—for Special and Investment funds.
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Sound Loans—Business and Personal.
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We cash cheques and supply currency, change and payroll funds.
We collect cheques and drafts, etc., whether payable locally or at distant points.
Know Your Bank—it can serve you.

The BANK of NOVA SCOTIA
EST. 1832—OVER A CENTURY OF BANKING EXPERIENCE

Insurance Report

Halifax Insurance

Total premiums written by the Halifax Insurance Co. in Canada in 1940 amounted to over $2.1 millions, an increase of $700,000 over 1939 and more than double the 1938 figures.

Total assets at Dec. 31 were $6.1 millions, about $40,000 less than in the previous year, the reduction being in value of securities held. Cash on hand was higher at $820,487. Total assets at the close of 1938 were $5.7 millions.

The Halifax is Canada's oldest insurance company, having been established in 1809.

In recent years the company has followed a more aggressive policy than formerly, with resulting expansion in business written and assets. Comparison of important items follows:

	1940 $	1939 $
Prem. inc. Canada ...	2,165,221	1,400,790
Assets	6,141,244	6,181,334
Cash	820,487	672,625
Securities	4,722,671	5,002,490
Agents balances	425,543	345,402
Real estate	111,697	111,834
Inv. reserve	300,000	300,000
Unearned prem. res. .	1,071,277	1,004,247
Reinsurers funds	476,554	352,113
Capital	2,000,000	2,000,000
Net surplus	1,681,767	1,932,053

PROFESSIONAL DIRECTORY

CONSULTING ENGINEERS

THE GENERAL ENGINEERING COMPANY
(CANADA) LIMITED
ENGINEERING CONSTRUCTION
OPERATION OF INDUSTRIAL PLANTS
100 Adelaide St. West WA. 3469 Toronto

Shoemaker & Burnham
CONSULTING ENGINEERS
Specializing in Mill Design, Metallurgy, Power and Mining Plants.
Room 1201-1207
45 Richmond St. West,
Toronto, Ont.
Waverley 4466

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Tel. Marquette 3005

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Barristers, Solicitors, Notaries
302 BAY ST., TORONTO
Telephone: ELgin 4217
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Winnipeg, Manitoba

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Chartered Accountants
WINNIPEG
SASKATOON

NORMAN B. McLEOD
CHARTERED ACCOUNTANT
KENT BUILDING — TORONTO
Phone: WAverley 6460

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Banking

Introduction of Paper Made Inflation Easier

Invention of Printing Blocks Also a Factor — Kublai Khan Used Both to Expand Currency and Bring on Revolution

This is the fourth article in a series dealing with currency inflation, and discusses the effect the invention of paper money had on monetary policy in the time of Kublai Khan. Other articles in the series will appear in early issues of The Post.

By DONALD G. MACLEAN
Staff Writer, The Financial Post

In a previous article an important feature of coin money was stated to be the stamp it bears. This originally was a guarantee of the weight and fineness of the metal contained. The stamp was accepted because it carried the authority of the government or some other recognized authority.

But as time went on, rulers found it was possible to keep precious metals in reserve for some emergency, and use instead, for daily needs within the country, coins made of the base metals. These coins were accepted by the public as long as it was believed that, on demand, they could be exchanged for coins of the precious metals. Provided the issue of these substitute coins was kept in a reasonable ratio to the actual value of the precious metal in reserve there was no difficulty.

Thus money with little inherent worth became valuable because it was backed by the credit of the government.

Paper Money Next

Once this stage was reached it was easy to introduce a system of paper money.

First attempts at this were crude. There was no real paper nor were there any printing presses. The first materials used were sheepskin parchment in Lydia and Egypt and a sort of felt in China. The value of the money had to be written in by hand. Most of the materials available could not be passed readily from hand to hand without having the writing blurred and becoming worn and torn. The early issues of paper money seem to have been small and of little importance.

Printing Press.

The Chinese are the first people mentioned in history as issuing paper money in volume with any success. This was because they had:

Discovered a method of manufacturing a durable sort of paper.

Invented a system of printing by movable wooden blocks.

The paper they had was made of the inner bark of the mulberry tree. This when cured was very dark in color but was tough and durable.

Paper money of sorts had been known for some centuries before in China, but Kublai-Khan the Mongol conqueror, seems to have been the first to make use of the new type of money in a big way. In 1260-1263, according to Marco Polo, he issued paper money of this description and introduced it in all parts of China he had conquered.

He had different values stamped on these pieces of paper and with them he paid his soldiers and the civilian population for things he bought from them. The unit of value was the silver tael and at first the issue seems to have been kept in reasonable proportion to the metal reserves.

Built Canal System

But Kublai-Khan, having conquered most of China, set about improving the transportation system, probably to facilitate the movement of his armies. One of his most important works was the establishment of a system of river transportation from Pekin to Canton, a distance of about 650 miles. This he did by building canals and locks.

This all took a great deal of money. But with his wooden printing blocks and a liberal supply of mulberry bark, and a subject population who had to accept whatever currency he issued there was no great difficulty in raising the necessary funds. Starting with an issue of paper currency, the equivalent of 228,960 taels of silver, he issued larger and larger quantities.

In 1290 the issue of mulberry bark notes had a face value equal to 50 million taels. In 34 years total issue amounted to 249.6 million taels. Notes of the older issues were exchangeable for the newer ones at increasing rates of exchange. Meanwhile the actual volume of silver in reserve actually declined while the note issue was expanding. The effect on business was bad. The population of the country declined and the national wealth decreased.

Business Demoralized

The eventual results were the usual ones seen when a currency becomes inflated. The purchasing power of the notes declined. The government found its own manufactured money had a steadily decreasing value. It was constantly forced to make further issues to meet expenses.

Soldiers refused to accept the money except at a heavy discount. The people did likewise. Prices rose sharply and markets became unstable. Commerce became disrupted. Few but the very richest could afford to buy food. The result was unrest and finally rebellion which eventually brought the downfall of the Mongol dynasty.

Fire Insurance

Fire Companies Look For Wider Coverage

Possibility of Buildings Erected Under National Housing Scheme Being Insured Causes Speculation

In some fire insurance circles, the possibility is seen that the fire companies may be called on to extend their protective services to the new dwellings to be erected under the national war housing scheme.

Authority has been granted by the Government for commitments up to $10 millions by the new Government company, Wartime Housing Ltd. But in well-informed quarters it is considered this amount is only a starter. It is believed the expenditures may ultimately swing up to $50 millions.

If dwellings of one sort or another to a total value anywhere near this figure are to be erected it may add substantially to the volume of residential structures in Canada covered by the protective facilities of the fire insurance companies.

What is Government Policy?

It all depends on the policy followed by the Government.

If these buildings when finished are rated on the same footing as the property of the Government, it is possible they will not be insured at all. The Dominion Government normally does not insure its buildings and if this is done with these dwellings it will mean the only fire insurance coverage required will be for contractors during time of construction.

But as the buildings will be largely constructed of wood, it is thought that possibly fire insurance will be carried on them in the ordinary way.

If the Government should also allow tenants or private interests to buy these dwellings, they would also likely be insured against fire. But that might not come until after the war.

Premiums Up 2% in 1940

So far, while various lines have been stimulated considerably by the war, the volume of fire insurance premiums has increased only moderately.

In 1940 fire insurance premiums written in Canada showed an increase of less than 2%. General industry showed expansion of over 16%.

The main reason for the lag in fire insurance is that while business generally has increased substantially, with construction of many new munitions plants and additions to existing industrial plants, most of the new buildings are owned by the Government and accordingly are not insured. Neither are the large stocks of raw materials being carried in these Government owned buildings.

Replacement Values Up

Such increase in premiums as has occurred is believed to be due to increased insurance being necessary on privately-owned industrial plants and stocks. With costs of labor and materials generally higher the replacement value of these buildings is estimated to be considerably larger than two years ago, requiring a larger amount of insurance.

Merchants stocks, too, have increased in volume and value and this has had some effect on the insurance which must be carried.

The same thing is true as regards insurance on residences and household effects. Increased replacement values have induced some people to increase their insurance.

On the other hand there has been some transfer of ordinary fire insurance on household effects to the personal property floater.

In addition to increases in existing policies, many people who formerly were unemployed are now drawing good pay and have furnished their homes much more fully than previously. In many cases they have insured their property thus adding to the total volume of premiums.

Weekly Bank Clearings

	Mar. 20 1941 $	Change year ago %	Mar. 13 1941 $
Halifax	3,248,766	+20.7	3,011,132
Saint John .	2,141,497	—4.7	2,023,150
Moncton	737,205	—7.4	699,807
Sherbrooke .	670,255	—7.2	852,367
Quebec	4,600,978	—5.7	3,997,453
Montreal ...	112,452,901	+12.9	90,327,233
Ottawa	38,373,901	+161.9	47,015,542
Kingston	529,505	+4.4	614,346
Peterborough	565,974	—11.0	525,387
Toronto	113,106,588	+1.8	93,238,016
Hamilton ...	6,203,067	+15.4	4,911,481
Kitchener ..	1,099,390	+7.4	953,273
Brantford ...	835,709	—5.0	876,348
London	2,386,948	—5.0	2,221,799
Chatham ...	571,209	—11.5	550,531
Windsor	3,514,681	+32.6	3,508,310
Sarnia	410,210	+1.5	391,284
Sudbury	820,954	+2.8	1,007,552
Fort William	1,112,356	+78.5	697,443
Winnipeg ...	38,814,489	—2.8	38,930,081
Brandon	300,102	+30.2	255,821
Regina	3,864,412	+10.3	3,040,595
Moose Jaw .	571,676	+11.7	481,980
Saskatoon ..	1,213,540	+4.3	1,196,503
Prince Albert	372,518	+24.1	317,490
Edmonton ..	4,523,974	+16.4	3,897,335
Calgary	5,100,318	+21.5	5,290,753
Lethbridge ..	453,210	—4.4	440,253
Medicine Hat	266,579	+35.8	228,772
N. W'minster	786,986	+41.7	761,696
Vancouver ..	16,785,044	—4.3	17,434,813
Victoria	1,789,062	+13.7	1,670,032

Refrigerator Sales Higher in January

From Our Own Correspondent

MONTREAL. — Sales of household refrigerators in Canada during January totalled 4,363 units, compared with 3,302 units in January, 1940, according to the National Electrical Manufacturers Association.

The Press and The War Effort

The Avro Anson Controversy

From an editorial in The Stratford Beacon-Herald:

The vigorous discussion of the country's aircraft programme by the press, and the effective pressure in the Commons by the Hon. R. B. Hanson, Leader of the Opposition, and by other members of Parliament unquestionably have had a stimulating effect on the Government in its prosecution of airplane production. It is to Mr. Howe's credit, however, that he has made a forthright statement on this vitally important division of our war effort and has pointed to various weaknesses, which, no doubt, he will strive to remedy. It is to be hoped that the Minister of Munitions will make public pronouncement on the progress of his department with greater frequency than has been his custom.

* * *

Stirring Ottawa From Without

From an editorial in the Huntsville Forester:

The Financial Post may have seemed at times to be unrelenting, but its strength in awakening departmental sluggishness at Ottawa is but another illustration of the power the press of Canada possesses in keeping public attention focused upon the centre of national effort, and warding off the tendency toward inside lassitude which cannot be tolerated in Canada under the wartime responsibility of our governments. Whether a complete recasting of the Administration is to result or not, it is certain that the pointed attacks upon alleged incompetence made by The Post will keep the Ottawa authorities "on their toes."

* * *

As We See It

An editorial from The Record Star, Oakville, Ont.:

Munitions Minister C. D. Howe has accused The Financial Post of being the number one saboteur in Canada and of having attempted to stop the production of the Bren gun.

Anyone who followed The Financial Post with an unbiased mind could only conclude that it was making a determined effort to see that the manufacture of Bren guns was expedited. The fact that the Government revised its contract with the manufacturer, following The Financial Post's exposure, seems proof that its criticisms were well founded.

To accuse the publishers (The MacLean Publishing Company Limited) of being unpatriotic overtaxes the credulity of those familiar with its publications, its personnel and its founder, Col. J. B. Maclean, who is now chairman of the board of directors.

Col. Maclean is outstanding in his devotion and loyalty to Canada, the British Empire and democratic principles. Fearless and fundamentally fair in his criticisms he has established, over a long period of years, a leading position in the publishing business throughout the English-speaking world. His service to Canada and the Empire compares more than favorably with that of any contemporary political leader in Canada.

Col. Maclean is not the type of man to be intimidated by politicians and The Financial Post and its associated publications will continue to give construction and patriotic leadership in our national life.

* * *

Valuable Criticism

Vancouver Sun

The recent proceedings of Parliament show the Government's growing resentment of newspaper criticism. The Government is quite wrong in resenting most of the criticism offered it throughout the country.

Mr. Howe, stung by a long attack from The Financial Post of Toronto, called that able paper Canada's number one saboteur. This immoderate language shows how deeply criticism has bitten into Mr. Howe's soul; and while we hold no brief for The Financial Post, and often consider it entirely in error, nevertheless its criticism of the Government and its revelation of weak spots in the war administration have been extremely valuable.

Without a vigilant press at this time, we do not see how the country could get a complete picture of the country's war effort, for it is certain that the Parliamentary opposition is not strong enough to extract all the facts.

* * *

Rebuke to Press

Toronto Evening Telegram

From Hon. J. G. Gardiner we learn that "there is no organized group in the Dominion of Canada that has done more since the fall of 1939 to delay the war effort in this country than certain sections of the press in Canada."

The little man from Saskatchewan is the tail of a ministerial procession which has picketed Canadian newspapers in recent days carrying banners to the effect that the press is unfair to organized Government.

It might be worth while for Mr. Gardiner and his colleagues to consider that the press may be even closer to the people of Canada than is the Government. And there should be no mistaking the fact that neither the press nor the people of Canada will be patient with anything that tends to delay the war effort in this country.

* * *

Right to Criticize

Vancouver News-Herald

We maintain that it is itself subversive of fundamental liberties to advocate—as did two members of the House and a Cabinet minister in the House of Commons—punitive action against newspapers or unwelcome opinions. The News-Herald has seldom found itself in agreement with The Financial Post, The Ottawa Citizen or the Canadian Tribune, yet we would defend the right of those newspapers to have their say.

* * *

Criticism Overdone

From an editorial in the Hanna Herald, Alta.:

When Hon. C. D. Howe, Minister of Munitions and Supplies, stated in the House of Commons that The Financial Post was sabotaging Canada's war effort, he was doubtless angered by the persistent campaign being conducted by The Post and other MacLean publications against himself. The Financial Post is certainly not disloyal, but we do believe that it has been ill-advised in its campaign of criticism against Hon. C. D. Howe. In fact, so intense has been this campaign that it probably has overshot the mark and the result has been a certain sympathy for the minister.

There have been serious shortcomings in Canada's war effort. Nobody can deny that. In all fairness, however, the fact should be appreciated that a peace-loving nation cannot be changed overnight into a fully equipped military power. For years prior to the war any suggestion of military preparedness in Canada was met with widespread opposition. In all honesty, a lot of us have to confess to having given support to pacifist policies. It now seems almost ridiculous that we could have been so purblind.

But The Financial Post, in the persistency and extravagance of its attacks upon Hon. Mr. Howe, seems to have a definite and somewhat malignant purpose in mind. Apparently it wants to destroy the minister politically. This attack has gone beyond the bounds of decency and possibly is doing a certain amount of harm to the conduct of the war.

* * *

Aircraft Production in Canada

From an editorial in The Victoria Colonist, B.C.:

Mr. C. D. Howe, the Minister of Munitions and Supply, is resentful because many newspapers throughout the country have been criticizing the conduct of his department. Obviously what he would prefer is a "hush, hush" policy, and it is timely to remind him that this would only be possible in a totalitarian state. By virtue of his resentment he discloses one fact, namely, that the exposures that have been made of the delayed action in the production of airplane frames in this country have wounded his political pride, though there is no indication, as yet, that they have spurred him on to a complete reorganization of the methods that will bring about the remedies so sorely needed.

No newspaper, no publication, has overshot the mark in what has been said about politically-directed aircraft production.

Dominion Deposits Drop Sharply

Investments of Bank of Canada Lower; Exchange Holdings Rise

A drop of $30 millions in the deposits of the Dominion Government is shown in the statement of the Bank of Canada for the week ended Mar. 9. This decline probably reflects payments for war materials and supplies. Increases in chartered bank and other deposits, resulted in the decline in total deposits being reduced to $23 millions.

On the credit side, a drop of $31 millions in investments is shown, while holdings of sterling and United States exchange were higher. Evidently the proceeds of the investments sold were used partly to pay off the Dominion deposits and partly to purchase exchange. Other assets were $4 millions higher.

	Mar. 19 1941 $	Mar. 12 1941 $
Liabilities		
Capital paid-up ..	5,000,000	5,000,000
Notes in circ.	360,927,840	358,510,591
Rest fund	3,722,910	3,722,910
Depos.: Dominion	20,678,109	50,430,433
Bank	214,702,071	212,169,670
Other	7,771,804	3,574,030
Total deposits	243,151,984	266,174,133
All other liabs. ...	3,790,765	4,591,920
Total liabs.	616,593,499	637,999,554
Assets		
In sterl. & U. S. ..	67,261,325	60,586,325
Subsid. coin	868,767	864,744
Investments:		
Dom. gov. short	420,082,601	444,908,018
Other Dom. gov.	114,601,082	121,020,476
Total invest.	534,683,683	565,928,494
Premises	1,708,069	1,707,959
All other assets ..	12,071,655	8,912,032
	616,593,499	637,999,554

Staff Changes

The Royal Bank of Canada announces the following staff changes:

J. V. FINDLY, manager, Hastings, Ont., to be manager, Schomberg, Ont.

K. McCLINTOCK, supervisor's department, Toronto, to be manager, Niagara Falls, Ont.

D. C. V. MORRISON, manager, Schomberg, Ont., to be manager, Otterville, Ont.

C. A. PUTNAM, manager, Lambeth, Ont., to be manager, Hastings, Ont.

F. T. E. ROBINSON, manager, Cordova St., Vancouver, to be manager, Hastings & Homer Sts., Vancouver.

L. J. TONDREAU, accountant, Amherst & St. Catherine Sts., Montreal, to be manager, LaSalle, Que.

F. M. PARKER, accountant, North Sydney, N.S., to be accountant, Wolfville, N.S.

W. G. WILSON, to be accountant, Halifax, N.S.

H. C. SAMIS, manager, Hastings & Homer Sts., Vancouver, retires on pension.

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CARRY YOUR MONEY SAFELY
Canadian Pacific Express
TRAVELLERS CHEQUES

United States Fidelity & Guaranty Company
TORONTO

The WAWANESA
Mutual Insurance Company
Organized in 1896

Assets	$3,894,436.70
Surplus	1,513,855.65
Dominion Gov't Deposit	1,041,353.86

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AUTOMOBILE INSURANCE
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The CANADIAN FIRE INSURANCE CO.
The CANADIAN INDEMNITY CO.
Head Office: WINNIPEG

I. O. U. Myself

A man's most important promissory note is one that never appears in writing.

It is his debt to himself—the obligation to allow his work-fatigued mind or body, or both, a few years of rest and relaxation when he is no longer able to follow the work-a-day pace.

The wise man prepares through his active years to meet that obligation and cancel his unwritten debt. A favorite method that has helped many is the well-planned use of life insurance.

Ask the Prudential man how

The Prudential Insurance Company of America
Home Office: NEWARK, N.J.
Branch Offices in all Leading Canadian Cities.

THE WEEK'S QUOTATIONS

Toronto and Montreal Exchanges

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING MARCH 24

A

Range 1941 High	Low	Div R'te $	Mar22 Y'ld %		Sales	Last Mar. 17	Week end. Mar. 24 H	L	Cl'se
.90	.55	.	...	Abitibi	800	.70	.80	.70	.75
8	4	.	...	Do. pref. 6%	2005	6¼	6⅞	6¼	6¼
12⅞	10	.	...	Do. pref. 7%	....	(7¼ bid — asked)			
2	1	.	...	Acme Glove	....	(1½ bid 3 asked)			
52	50	6.50	12.5	Do. pref.	3	51	52	52	52
12	11½	80+20c	8.3	Agnew Surp.	50	12	12	11½	11½
108	105½	7	6.6	Do. pref.	35	107	105½	105½	105½
1.50	1.00	.	...	Alta. Pac. Gr.	310	1.25	1.10	1.00	1.00
30	24½	.	...	Do. pref.	115	30	26	24½	26
10	7	.	...	Algoma Steel	365	8½	8½	8½	8½
97½	89½	2.50	...	Do. pref.	....	(90½ bid 96 asked)			
115	105	8	7.4	Aluminum	90	110	110	108	109
120	117	6	5.1	Do. pref.	....	(118½ bid — asked)			
7½	6	.	...	Amal. Electric	420	7½	6	6	6
§43	34½	60c	...	Amer. Cyn. B.	....	(— bid — asked)			
46	45½	2.75	6	Ang. Can. Tel. p	....	(46 bid 48½ asked)			
17½	14¾	60+60c	6.9	Asbestos	1062	17⅞	17½	17¼	17¼
16	14½	1	6.7	Assoc. Brew.	15	15	15	15	15
110	108½	7	6.4	Do. pref.	....	(108½ bid — asked)			
•2	2	.	...	Assoc. T. & T.A.	....	(— bid 7 asked)			
§24	24	▲48c	...	Do. pref.	....	(— bid 24 asked)			
§103	101	5.50	5.3	Ault & Wiborg	....	(110 bid — asked)			

B

Range 1941 High	Low	Div R'te $	Mar22 Y'ld %		Sales	Last Mar. 17	Week end. Mar. 24 H	L	Cl'se
147	140	8	5.5	Bk. Can. Nat.	23	145	145	145	145
195	171	8	4.5	Bk. Montreal	48	174	177	174	176
285	277	12	4.3	Bk. N. Scotia	4	277	277	277	277
250	244½	10	4	Bk. Toronto	1	245	247	247	247
•5	4½	.	...	Barcelona	....	(— bid — asked)			
1.25	.55	.	...	Barker's Bread	100	1.25	.55	.55	.55
§28	19	2.50	9.2	Do. pref.	....	(22 bid 25 asked)			
13	10⅞	1	8.3	Bathurst Pr.	735	12¼	12⅞	11⅞	12
2½	1⅞	.	...	Do. (B)	232	2½	2½	2	2½
2½	2	.	...	Beath & Sons	....	(2 bid 4½ asked)			
8	4½	.	...	Beatty Bros.	....	(3½ bid 4¾ asked)			
102⅞	101	6	5.8	Do. pref.	....	(102½ bid — asked)			
§90	88	7	7.9	Do. 2nd pref.	....	(82 bid 90 asked)			
10	9	.	...	Beauharnois	3764	9½	9⅞	9	9
80	80	4	5	Belding Cort.	....	(— bid 90 asked)			
127	127	7	5.5	Do. pref.	....	(120 bid — asked)			
160½	153½	8	5.1	Bell Telephone	354	154	156½	153½	154½
6½	5	.	...	Bertram & Sons	....	(6½ bid — asked)			
8⅞	8	60c	7.5	Biltmore Hats	80	8	8	8	8
6	5	.	...	Blue Ribbon	....	(5½ bid 7 asked)			
37½	35	2.50	7.2	Do. pref.	15	35	35	35	35
20⅞	20	1.30	6.3	Brant. Cord. pf.	....	(20½ bid 22 asked)			
7⅞	5	.	...	Brazilian Tr.	2449	5⅞	6⅞	6	6½
5½	3½	50+10c	.	Brew. & Distil.	32	4½	4½	4½	4½
§6½	4	30c	7.5	Bright, T. G.	....	(6½ bid — asked)			
§90	89	6	6.7	Do. pref.	....	(90 bid — asked)			
18⅞	15½	1	5.7	Brit. Amer. Oil	835	17	17⅞	17	17⅞
12½	10	.	...	B. C. Packers	....	(10 bid — asked)			
26½	22½	2	8.6	B. C. Power A.	50	23½	23½	23½	23½
1.50	1.00	.	...	Do. (B)	12	1.50	1.25	1.00	1.00
5½	4½	.	...	Bruck S. Mills	....	(4¾ bid 5½ asked)			
15⅞	13⅞	70+10c	5.3	Building Prod.	950	14½	15	14½	15
10⅞	7⅞	60c	7.5	Burlington St'l	25	9	8½	8	8

C

Range 1941 High	Low	Div R'te $	Mar22 Y'ld %		Sales	Last Mar. 17	Week end. Mar. 24 H	L	Cl'se
§70	70	.	...	Calgary Power	....	(— bid 70 asked)			
102½	101	6	5.9	Do. pref.	....	(102½ bid — asked)			
2½	2	.	...	Canada Bread	100	2	2½	2	2½
100	97½	5	5	Do. pref.	10	99	100	100	100
40	37	2.50	6.4	Do. pref. B.	....	(37½ bid 53 asked)			
4⅞	4	40c	10	Canada Bud	10	4	4	4	4
7	4½	.	...	Canada Cement	5510	5⅞	7	6	6½
100	94	5	5	Do. pref.	96	98½	100	98	100
5⅞	5⅞	10c	...	Can. Cr. Stone	....	(4½ bid — asked)			
105½	102⅞	5	4.8	Canada Cycle, p	18	105½	105	105	105
27	23½	1.50	6.1	C. & D. Sugar	140	23½	24⅞	24	24⅞
18	[illegible]	1.50	9.4	Can. Forg. (A)	....	(— bid 18 asked)			
§22	13	▲1.50	8.8	Do. (B)	....	(— bid — asked)			
§40	25	4.50	...	Can. Iron	....	(36 bid — asked)			
70	70	3	...	Do. pref.	....	(72 bid — asked)			
§390	390	20	5.1	Canada Life	....	(380 bid — asked)			
§4	1	.	...	Can. Mach'y	....	(3½ bid — asked)			
§32	25	▲3.50	...	Do. pref.	....	(98 bid — asked)			
39	33⅞	2+50c	6.7	Can. Malting	175	34½	37	34½	36
8⅞	6	1	..	Can. Nor. Pr.	210	8	8	7½	8
99	94	7	7.2	Do. pref.	10	95	98½	97½	97½
87½	78	3+1	5	Can. Packers	5	78	80	80	80
§.25	25	.	...	Can. Paving, c.	....	(— bid .25 asked)			
136	126	8	6.2	Can. Perman.	6	126½	128	128	128
9	8	▲1	...	Can. Starch	....	(9 bid — asked)			
§110	109	7	6.4	Do. pref.	....	(108 bid — asked)			
5½	3	.	...	Can. Steamsh's.	335	4½	4½	4	4
22⅞	17	2.50	13.3	Do. pref.	2604	21½	21½	18½	18½
8	6½	40c	6.1	Can. Vinegars	135	6½	6⅞	6½	6½
61	54	4	6.9	Can. W. Cable	....	(56 bid 60 asked)			
23	17⅞	▲1.25	6.9	Do. (B)	....	(18 bid 25 asked)			
107	107	6.50	6.1	Do. pref.	....	(105⅞ bid — asked)			
⅞	⅞	.	...	Can. Bakeries	....	(⅞ bid 1⅞ asked)			
20	20	▲3	...	Do. pref.	....	(20 bid 25 asked)			
163	149½	8	5.2	Can. Bk. Com.	40	153	153	152	152½
1.00	.65	.	...	Can. Breweries	465	.85	1.00	.65	.65
25	20	3	13.6	Do. pref.	995	22	22	20	22
36	34½	1.50+50c	6	Can. Bronze	25	34½	34½	34½	34½
105	103	5	4.8	Do. pref.	....	(105 bid — asked)			
6½	5	50c	...	Can. Canners	20	5½	5½	5½	5½
20	18½	1+10c■	5.8	Do. 1st pfd.	....	(19 bid 19½ asked)			
10	9	60+10c■	7.6	Do. 2nd pfd	226	9⅞	9½	9½	9½
10	6	.	...	Can. Car & F'y	1225	6⅞	7	6⅞	6⅞
27½	20⅞	44c	...	Do. pref.	110	24	24	22⅞	23
29	21⅞	1	4.2	Can. Celanese	115	23½	24	23½	23½
124	113	7+60c■	..	Do. pref.	55	114½	114½	114	114
23	22½	1	4.3	Do. Rights	....	(23½ bid — asked)			
19	15	1	5.6	Can. Convert.	25	15	18	18	18
100½	90	4+2	6	Can. Cottons	....	(93 bid 105 asked)			
115	105	6	5.2	Do. pref.	23	115	115	113½	115
22	15½	1.50	7.2	Can. Dredge	785	15½	22	16	21
101	100	6	6	Can. Fairb. pf.	....	(98½ bid — asked)			
10½	9	1.40	...	Can. For. Inv.	....	(— bid 10½ asked)			
105	104	8	7.7	Do. pref.	....	(105 bid — asked)			
220	215	8	3.7	Can. Gen. Elec.	10	220	215	215	215
8½	7	50c	7	Can. G. Inv.	....	(7 bid 8 asked)			
3	1⅞	▲15c	...	Can. Ind. Alc.	78	2½	2½	1⅞	2½
2⅞	1½	▲15c	...	Do. (B)	125	2	2½	2½	2½
208	180	7	3.7	Can. Indust. B.	37	184	185	184	185
176	168	7	4.1	Do. pref.	10	168	170	170	170
§.30	.10	.	...	Can. Int. I. Tr.	....	(.25 bid — asked)			
50	41	2	4	Do. pref.	....	(40 bid 50 asked)			
14	12	1	•7.2	Can. Lt. & Pr.	5	13½	14	14	14
9	7	.	...	Can. Locomo.	42	9	9	9	9
.95	.75	4c	...	Can. Marconi	800	.75	.80	.80	.80
17	12½	50+50c	6.9	Can. Oil	....	(14½ bid 16 asked)			
121	118	8	6.8	Do. pref.	10	119	118	118	118
6½	4½	.	...	Can. Pacific	2098	5⅞	5⅞	5	5½
.50	.10	.	...	C. Pr. & Pa. In.	12	.10	.13	.13	.13
2½	1⅞	.	...	Do. pref.	20	2	2½	2½	2½
3½	2	.	...	Can. Vickers	....	(2½ bid 2⅞ asked)			
15	10	.	...	Do. pref.	25	10½	12	11	12
9	9	1	...	C. Wallpaper A.	15	9	9	9	9
9	8	1	...	Do. (B)	9	9	9	9	9
44⅞	42	1.37½	..	Can. West'ho'se	....	(— bid — asked)			
4	2⅞	15c	...	Can. Wineries	....	(3⅞ bid 4 asked)			
20½	18⅞	1.50	7.6	Can. Wire Box	....	(18⅞ bid 19½ asked)			
1.25	1.05	.	...	Capital Estates	....	1.10 bid 1.15 asked			
119	119	5	4.2	Carnation, pfd.	....	(116 bid — asked)			
9½	7⅞	50c	...	Catelli Food	....	(9½ bid 10 asked)			
10	9⅞	75c	...	Do. pref.	....	(— bid 10 asked)			
2	2	.	...	Celtic Knit	25	2	2	2	2
155	155	8	5.2	Cent. Can. L'n.	....	(— bid 160 asked)			
92	92	4	4.3	Chart. Trust	....	(90 bid 95 asked)			
.32	.15	.	...	Chem. Research	100	.15	.15	.15	.15
.30	.30	.	...	City Gas & El.	....	(.40 bid .75 asked)			
.10	.10	.	...	Claude Neon	....	(— bid .10 asked)			
1.50	1.25	12c	..	Coast Brew.	300	1.50	1.25	1.25	1.25
6½	4½	.	...	Cockshutt Plow	260	4½	5	4½	4½
1.95	1.50	10c	...	Comm. Alcohol	80	1.75	1.85	1.75	1.85
6	5	40c	8	Do. pref.	90	5½	5½	5½	5½
4	4	▲40c	..	Conduits Nat.	....	(2⅞ bid 5½ asked)			
14	9⅞	40c	..	Cons. Bakeries	290	10	10½	9⅞	9⅞
.03	.03	.	...	Cons. Div. Sec.	....	(.01 bid .08 asked)			
7½	7½	75c	...	Do. pref.	....	(7½ bid 14 asked)			
4	2½	.	...	Cons. Paper	6777	3⅞	3⅞	3	3½
3⅞	3	.	...	Cons. Press	....	(3½ bid 3⅞ asked)			
§75	55	▲4.75	..	Cons. Sand, pf.	....	(75 bid 82½ asked)			
39½	34	▲1+1.25	6.5	Cons. Smelt.	1738	36⅞	37	34½	34½
145	128	8	6.1	Consumers' Gas	94	133	133	130	132
40	30	▲1.75	..	Corr. P. Box, p.	....	(30 bid 49 asked)			
25	22	1.20+15c		Cosmos Imp.	40	24½	24½	24½	24½
31	27½	2	7.3	Crown Cork	....	(28⅞ bid 29½ asked)			
1½	1½	.	...	Crown Dom. Oil	....	(1½ bid — asked)			
31	28	3	10.7	Crow's N. Coal.	....	(30½ bid 33 asked)			
1.05	.70	.	...	Cub Aircraft	75	.80	.75	.75	.75

D, E

Range 1941 High	Low	Div R'te $	Mar22 Y'ld %		Sales	Last Mar. 17	Week end. Mar. 24 H	L	Cl'se
10½	9⅞	1	10	David & Fre. A	145	10	10	10	10
1.60	1.40	.	...	Do. (B)	....	(— bid 2.00 asked)			
8½	7	.	...	de Havilland	....	(7 bid — asked)			
75	75	▲7	...	Do. pref.	....	(80 bid — asked)			
1.50	1.00	.	...	Disher Steel	50	1.50	1.15	1.00	1.00
10	10	▲1.50	..	Do. pref.	....	(10 bid 14 asked)			
28½	24	2.22	8.3	Distill-Seagram	125	24	24	24	24
97½	93	5	5.3	Do. pref.	....	(80 bid 95 asked)			
§39⅞	39⅞	▲1	...	Dom. Ang. Inv.	....	(30 bid — asked)			
70	70	5	7.2	Do. pref.	....	(70 bid 84 asked)			
200	185	10	5.3	Dom. Bank	112	187	186	186	186
27½	22½	1.20	4.3	Dom. Bridge	711	25½	27	25½	26½
21	17⅞	1.50	7.9	Dom. Coal, pf.	100	18	19	19	19
28	25	.	...	Dom. Engineer.	25	25	25	25	25
23½	17½	1	5.6	Dom. Foundries	523	18⅞	18⅞	18	18
107	105	6	5.7	Do. pref.	50	105½	105	105	105
126	115	5	4.3	Dom. Glass	....	(115 bid 118 asked)			
155	148½	7	4.5	Do. pref.	....	(148½ bid 160 asked)			
29½	29½	1.20+40	5.4	Dom. Oilcloth	....	(— bid 29½ asked)			
.45	.45	.	...	Dom. Scot. Inv.	50	..	.45	.45	.45
25	25	▲2.25	...	Do. pref.	30	..	25	25	25
1⅞	1⅞	.	...	Dom. Square	10	1⅞	1⅞	1⅞	1⅞
9⅞	7½	.	...	Dom. St. & C.B.	2336	7⅞	8⅞	7⅞	7⅞
5½	3½	.	...	Dom. Stores	640	4⅞	5½	5	5½
5½	3⅞	.	...	Dom. Tar & Ch.	1070	4½	5½	4½	4⅞
88	83½	5.50	6.3	Do. pref.	30	87	88	87	87
83	72	5	6.7	Dom. Textile	135	73	74	72	74
155	140	7	4.7	Do. pref.	....	(150 bid — asked)			
1.75	.75	.	...	Dom. Woollens	71	1.05	1.00	1.00	1.00
8	6	60c	...	Do. pref.	100	6½	7	6½	7
5⅞	3½	.	...	Donnacona P.A.	275	4½	4⅞	3⅞	3⅞
5½	3	.	...	Do. (B)	140	3½	4	3½	3½
5½	4	.	...	Dryden Paper	75	4⅞	5½	5	5
.50	.50	.	...	East Koot. Pr.	....	(— bid — asked)			
10	7	.	...	Do. pref.	....	(8 bid — asked)			
.65	.25	.	...	East Dairies	....	(.50 bid — asked)			
9	5½	.	...	Do. pref.	45	7½	7½	7	7
13½	10	1	10	East Steel	....	(10 bid 12 asked)			
§6½	6½	.	...	East Theat.	....	(— bid — asked)			
3	2⅞	.	...	Easy Washing	75	3	3	3	3
23	22	1.37½	..	Economic Inv.	....	(21½ bid 26 asked)			
8	6⅞	20c	...	Electrolux	....	(6⅞ bid 7½ asked)			
3	2	.	...	Enam. & Heat.	100	2½	2	2	2
29	23⅞	2.50	10	English Electric	30	24	25	25	25
5⅞	5	.	...	Do. (B)	....	(3½ bid 5 asked)			
5⅞	5	15c	...	Equitable Life	20	5½	5⅞	5⅞	5⅞

F, G

Range 1941 High	Low	Div R'te $	Mar22 Y'ld %		Sales	Last Mar. 17	Week end. Mar. 24 H	L	Cl'se
3	2	.	..	Fairchild Air	385	2½	2½	2½	2½
20	18	1	5.6	Fam. Players	....	(18 bid 21 asked)			
28	24½	1.50+25c	6	Fanny Farmer	185	26½	26½	26½	26½
6	2⅞	.	...	Fleet Aircraft	1220	4½	4⅞	4	4½
§1.50	.75	.	...	Fleury Bissell	....	(.20 bid .75 asked)			
15	13	.	...	Do. pref.	....	(14 bid 17 asked)			
16	14⅞	1	6.2	Ford Motor A.	1248	15⅞	16	15½	15⅞
25	15	1	6.7	Do. (B)	....	(15⅞ bid — asked)			
§.20	.05	.	...	For. Pr. Secs.	....	(— bid — asked)			
12½	10⅞	50c	...	Foundation Co.	80	11	12½	11⅞	12½
9	4½	.	...	Fraser Cos.	....	(7½ bid — asked)			
10½	7	.	...	Do. Vot. Tr.	375	9⅞	9⅞	8½	8½
§.50	.50	.	...	Freiman	....	(— bid — asked)			
42	41	.	...	Do. pref.	....	(40 bid — asked)			
9⅞	6½	80c	10.2	Gatineau Pwr.	330	7⅞	7⅞	7½	7⅞
90	79½	5	6.2	Do. pref.	60	81	81	80	81
95½	92	5.50	5.8	Do. 5½% pref.	....	(— bid 97 asked)			
1.25	.35	.	...	Do. Rights	....	(.05 bid .05½ asked)			
6½	4½	.	...	Gen. St. Wares.	500	5½	5½	5	5
94	88	7	...	Do. pref.	27	90½	93	90	93
80	67⅞	2.50+1.50		Goodyear Tire	40	67⅞	69	68	68
56	53½	2.50	4.7	Do. pref.	25	54½	54½	53½	53½
•50	50	1	...	Gould Pumps, p	....	(— bid — asked)			
4	2½	.	..	Gt. Lakes Pap.	....	(2⅞ bid 3 asked)			
§29	18½	25c	..	Do. pref.	....	(— bid 21 asked)			
3½	1⅞	.	..	Do. Vot. tr. c.	76	3	3½	3	3
19⅞	14½	25c	..	Do. Vot. tr. p.	8	16½	17½	17½	17½
5	1½	.	...	Gt. W. Saddlery	....	(1⅞ bid 5 asked)			
30	25	2.25	...	Do. pref.	50	30	30	29	29
11½	10⅞	60c	5.6	Greening Wire.	....	(— bid 11½ asked)			
§1.25	1.25	10c	...	Growers' Wine	....	(— bid — asked)			
4½	2½	.	...	Gurd, Chas.	25	2½	3	3	3
§107½	106½	7	6.5	Do. pref.	....	(— bid 106 asked)			
3½	2⅞	.	...	Gypsum, Lime.	447	3½	3⅞	3	3

H, I

Range 1941 High	Low	Div R'te $	Mar22 Y'ld %		Sales	Last Mar. 17	Week end. Mar. 24 H	L	Cl'se
§21½	21½	1	4.7	Halifax Fire	....	(— bid — asked)			
5½	3	.	...	Ham. Bridge	327	3½	4	3½	4
36	34½	2+1.50▲	5½	Ham. Cot., pf.	15	36	35½	35½	35½
.75	.75	.	...	Ham. U. Theat.	....	(.50 bid 1.00 asked)			
70	65	1.25	...	Do. pref.	10	70	70	70	70
3½	2½	20+5c	...	Harding Carpet	200	2½	2½	2½	2½
§.25	.25	.	...	Hillcrest Coll.	....	(.10 bid 1.00 asked)			
§4	2	.	...	Do. pref.	....	(2½ bid — asked)			
10½	8½	50c	5	Hinde & Dauch	....	(9⅞ bid 10 asked)			
•20	20	.	...	Holt Renfrew	....	(— bid 14 asked)			
§40	20	.	...	Do. pref.	....	(35 bid — asked)			
17½	14	2	14	Honey Dew	....	(14 bid 14½ asked)			
14⅞	10½	.	...	H. Smith Pap.	576	13	12½	11½	11½
101	98½	6	6	Do. pref.	17	100	100	99	100
18	14½	1	6.7	Humberstone S.	....	(14 bid 15½ asked)			
4½	3½	.	...	Hunts (A)	20	4	4	4	4
5	2	.	...	Do. (B)	1	4	2	2	2
56	52	4	7.2	Huron & E. Mt.	....	(52 bid 56 asked)			
9	8	80c	...	Do. 20% pd.	....	(— bid 11 asked)			
.80	.80	▲20c	...	Hydro Electric.	25	.80	.80	.80	.80
205	192	10	5	Imperial Bank	48	193½	197	197	197
10½	9	50c	5.1	Imperial Oil	4079	9⅞	9⅞	9⅞	9⅞
14	11	40+22½c	5	Imperial Tob.	1730	12⅞	12½	11⅞	12½
8	7	6%	4	Do. pref.	107	7	7½	7½	7½
16	12½	▲1.75	..	Indust. Accept.	55	12½	12½	12½	12½
§36	25	3	..	Inter-City Bak.	....	(20 bid 36 asked)			
50	50	3+1	..	Inter'c Coal	....	(40 bid — asked)			
§120	120	8	6.7	Do. pref.	....	(— bid — asked)			
16⅞	15	1.50	10	Inter. Bronze	....	(15 bid — asked)			
25	23	1.50	6.5	Do. pref.	10	23	23	23	23
.25	.25	3c	...	Int. Coal & C.	....	(.25 bid .40 asked)			
9½	6	.	...	Int. Metal Ind.	....	(7 bid 7½ asked)			
105	93	6	6.2	Do. pref.	....	(97 bid 100 asked)			
100	95	6	6.2	Do. pref. A.	....	(96½ bid 100 asked)			
115⅞	114	5	4.3	Int. Mill., pf.	....	114½ bid 115½ asked			
36⅞	31	2	5.7	Int. Nickel	2409	33½	34½	33½	35
2½	2	.	...	Int. Paints	....	(2 bid 3 asked)			
§18	11	1+25c▲	..	Do. pref.	....	(13½ bid 20 asked)			
16½	15	.	...	Int. Pap. & P.	....	(— bid — asked)			
74⅞	69½	5+1.25▲	7	Do. pref.	100	74	74	74	74
15⅞	13⅞	1	7.3	Int. Pete.	1362	13⅞	13⅞	13½	13⅞
3½	2½	.	...	Int. Power	....	(2½ bid — asked)			
89	84	6	6.8	Do. pref.	60	88	88	87½	87½
•11⅞	10½	.	...	Int. St. Rlty. A.	....	(— bid 10 asked)			
•4	3⅞	.	...	Do. (B)	....	(— bid 4 asked)			
7	5	.	...	Int. Util. (A)	....	(5 bid 7 asked)			
.25	.15	.	...	Do. (B)	1900	.15	.20	.15	.20

J, K, L

Range 1941 High	Low	Div R'te $	Mar22 Y'ld %		Sales	Last Mar. 17	Week end. Mar. 24 H	L	Cl'se
§14½	12	68c	...	Jam. Pub. Ser.	....	(12 bid 13½ asked)			
§135	128	7	5.5	Do. pref.	....	(—bid 129 asked)			
9½	8	1	...	Kelvinator	....	(9½ bid 10½ asked)			
11	6⅞	.	...	L. St. John Pr.	60	9⅞	10	10	10
1.00	.65	.	...	Lake Sulphite.	300	.65	.65	.65	.65
16	11½	▲1	...	Lake of Woods.	120	12	13	13	13
113	110	7	6.3	Do. pref.	5	111	110	110	110
53	44	4	8.9	Landed Bank	....	(44 bid 48 asked)			
12	11	70+12½c		Lang, J. A.	....	(10½ bid 14½ asked)			
•3½	2½	.	...	Langley's	....	(— bid 1 asked)			
20	15	2	...	Do. pref.	147	18	19½	18	19½
10½	9½	80c	8	Laura Secord	350	9⅞	10	9⅞	9⅞
12	6½	.	...	Legare, pref.	100	9	9	9	9
3½	3	▲15c	...	Levy Bros.	105	3½	3	3	3
6½	4½	.	...	Lindsay, C. W.	20	6½	6½	6½	6½
50	50	.	...	Do. pref.	....	(48 bid 60 asked)			
27	24	1+25c	5.1	Loblaw (A)	420	24½	24½	24	24½
26	22	1+25c	5.4	Do. (B)	270	23	23½	23	23

M

Range 1941 High	Low	Div R'te $	Mar22 Y'ld %		Sales	Last Mar. 17	Week end. Mar. 24 H	L	Cl'se
1.00	1.00	.	...	Mackenzie Air	....	(— bid — asked)			
2	2	.	...	Mackin. Steel	....	(3 bid 4½ asked)			
55	55	1.25	...	Do. pref.	....	(— bid 75 asked)			
15⅞	11	.	...	Maclaren Pr. p.	150	14½	14½	14½	14½
8⅞	7	.	...	M. L. Gardens.	1008	8	8⅞	8	8½
7½	6	70c	11.7	Do. pref.	....	(6 bid 6½ asked)			
2⅞	1½	.	...	Maple Leaf M.	270	1⅞	1⅞	1⅞	1⅞
4⅞	2½	.	...	Do. pref.	55	3⅞	3½	3	3
16⅞	16½	70+10c	...	Maritime Tele.	....	(16½ bid — asked)			
§17½	16	70c	4.4	Do. pref.	....	(16⅞ bid — asked)			
14⅞	14⅞	.	...	Marcus Loew's	....	(15½ bid — asked)			
•100	100	7+1.75▲		Do. pref.	....	(— bid — asked)			
3⅞	2	.	...	Massey-Harris	2353	2⅞	3½	2⅞	2⅞
37	25	.	...	Do. pref.	1740	33	37	34	35½
5⅞	4	.	...	McColl Fron.	80	4½	4⅞	4½	4½
98	93	6	6.3	Do. pref.	51	95	95½	93	95½
1.25	.75	.	...	Melchers	....	1.00 bid 1.50 asked			
5½	5	30c	...	Do. pref.	1	5	5	5	5
•1½	1½	.	...	Mercantile Tran	....	(1⅞ bid — asked)			
•5	5	6%	...	Do. pref.	....	(4⅞ bid — asked)			
7½	5½	.	...	Mercury Mills	10	6	5½	5½	5½
47	47	2.50	5.3	Mitchell, J. S.	....	(— bid 50 asked)			
112	110	7	6.4	Do. pref.	....	108½ bid 112 asked			
9½	7½	.	...	Mitchell, Robt.	15	9	9	9	9
16⅞	15	80+40c	8	Mod. Contain.	30	15½	15½	15	15½
98	98	5.50	5.6	Do. pref.	....	(— bid — asked)			
§6	2	.	...	Monarch Knit.	....	(2 bid — asked)			
75	75	7	...	Do. pref.	....	(50 bid 75 asked)			
64	55	4	6.2	Montreal Cot.	....	(— bid 64 asked)			
118	113	7	6.2	Do. pref.	5	113	113½	113½	113½
1.00	.30	.	...	Mont. Is. Pr.	....	(.25 bid — asked)			
29½	24½	1.50	6	Mont. L. & Pr.	4740	25½	25⅞	24½	24½
50½	49	.	...	Do. Notes	45	49½	49½	49½	49½
§15	15	1.25	...	Montreal Loan	....	(15 bid — asked)			
§.85	.16	.	...	Mtl. Refrig & S	....	(.50 bid .75 asked)			
§10½	6	1.25	...	Do. pref.	....	(9½ bid 11½ asked)			
30	25	3.20	12.8	Montreal Tele.	72	25	27	25	27
52	50	6	11.8	Montreal Trams	40	50	51	51	51
47½	41	2+60c	5½	Moore Corp.	621	45	45½	45	45½
188	181	7	3.6	Do. pref. (A)	....	(179 bid 183 asked)			
279	266	7	2.6	Do. pref. (B)	2	266	268	268	268
.05	.05	.	...	Muirheads	....	(— bid .15 asked)			
§1	1	.	...	Do. pref.	....	(— bid — asked)			

N, O

Range 1941 High	Low	Div R'te $	Mar22 Y'ld %		Sales	Last Mar. 17	Week end. Mar. 24 H	L	Cl'se
27½	23½	2	7.8	Nat. Breweries.	596	24½	25½	25	25½
38⅞	35	1.75	4.9	Do. pref.	100	35	36	36	36
5	3⅞	.	...	Nat. Grocers	200	4	4	3⅞	4
25½	24⅞	1.50	6	Do. pref.	53	25½	25½	25	25
7½	7	.	...	N. Sew. Pipe A.	....	(7 bid 8 asked)			
38½	30⅞	2	6.1	Nat. Steel Car.	135	32	34	33	33
150	150	8	5.3	National Tr.	....	(140 bid 150 asked)			
§9½	9½	▲60c	...	Neon Inv.	....	(— bid — asked)			
25½	20	2	9.7	Niag. W. Weav.	....	(20 bid — asked)			
3	2½	.	...	Noorduyn Av.	....	(2½ bid 2½ asked)			
.90	.50	.	...	North Star Oil.	....	(— bid .85 asked)			
3⅞	3½	35c	...	Do. pref.	....	(3½ bid 3⅞ asked)			
86	86	6	7	N. S. L. & Pr.	....	(86½ bid — asked)			
107	106	6	5.6	Do. pref.	5	106⅞	107	107	107
21½	20	1	4.9	Ogilvie Flour	500	20½	20½	20	20½
155	155	7	4.5	Do. pref.	....	(155 bid 162 asked)			
106⅞	105	5	4.8	Ontario Loan	2	105	105	105	105
§5½	2	.	...	Ont. Silknit	....	(— bid 4½ asked)			
45	35	1	...	Do. pref.	11	36	40	35	40
7	7	1	...	Do. Scripts	14	7	7	7	7
10	8½	▲1	...	Ont. Steel	50	9½	9	9	9
§115	110	7	6.1	Do. pref.	....	(— bid 120 asked)			
1.30	1.30	.	...	Orange Crush	....	1.25 bid 2.00 asked			
6½	6½	70c	10.8	Do. pref.	....	(5 bid 6½ asked)			
8½	5	40c	5.7	Ott. Car Air	....	(6 bid 7 asked)			
16	14	▲1.20+30c		Ottawa El. Rly.	....	(15 bid 16 asked)			
11	8⅞	40c	...	Ott. L. H. & Pr.	....	(— bid 9 asked)			
99	95	5	5.1	Do. pref.	....	(— bid 99 asked)			

P, Q, R

Range 1941 High	Low	Div R'te $	Mar22 Y'ld %		Sales	Last Mar. 17	Week end. Mar. 24 H	L	Cl'se
23	23	3c	...	Pacific Coyle	603	..	23	23	23
104	98½	5	5	Page Hersey	220	99½	100	98⅞	99½
36	3⅞	.	...	Pantepec Oil	....	(— bid — asked)			
30	30	2	6.7	Paton Mfg.	100	..	30	30	30
§115	115	7	6.1	Do. pref.	....	(110 bid 120 asked)			
50	49	3	6.1	Penmans	20	49	49	49	49
123	120	6	5	Do. pref.	....	(122 bid — asked)			
16½	14½	▲1+50	9.4	Photo Eng.	10	16	16	16	16
98	95½	7	7.2	Porto Rico Pr p	....	(95½ bid 100 asked)			
6	4½	15c	...	Power Corp.	355	4⅞	4⅞	4½	4⅞
98	90	6	6.6	Do. pref.	15	90	91	90	91
43	40	3	7.5	Do. 2nd pref.	....	(37 bid 40 asked)			
9½	8	▲1	...	Pressed Metals.	239	8½	9½	9	9
12½	9	.	...	Price Bros.	785	10½	11	10	10
70	65	5.50	8.5	Do. pref.	80	67½	65	65	65
6⅞	4	40c	6.4	Prov. Transport	110	6½	6½	6½	6½
14½	11½	1	8.5	Quebec Power.	395	11½	12	11½	11⅞
4	4	.	...	Que. Telephone	1000	4	4	4	4
24	24	2	8.3	Real Estate L'n	....	(24 bid 28 asked)			
5	5	25c	...	Regent Knit	....	(4⅞ bid 5 asked)			
18	17½	1.60	9	Do. pref.	30	17½	18	18	18
4½	4½	.	...	Reliance Grain.	....	(2½ bid 4½ asked)			
§66	64	6.50	10	Do. pref.	....	(55 bid 65 asked)			
17	15½	2	12	River S. Mill	15	16⅞	16⅞	15½	15½
5½	2	.	...	Rogers Majest.	1375	5½	5½	5	5½
§19½	12	15c	...	Rolland Pap.	....	(— bid — asked)			
11	10	15c	...	Do. Vot. Trust	....	(8 bid 10 asked)			
95	93½	6	6.3	Do. pref.	....	(93½ bid 99 asked)			
167½	148	8	5.1	Royal Bank	48	155	156	154	154
15½	14	80c	5.2	Russell Indust.	200	15	15½	15½	15½
160	145	7	4.6	Do. pref.	18	145	160	150	160

S

Range 1941 High	Low	Div R'te $	Mar22 Y'ld %		Sales	Last Mar. 17	Week end. Mar. 24 H	L	Cl'se
107	103	5.50	5.3	Saguenay Pr. p.	15	105	105	103	105
34½	34⅞	▲1.50+50c		Sangamo	....	(— bid 34⅞ asked)			
9	9	.	...	Sarnia Br. (A)	....	(7 bid 8 asked)			
§2⅞	1½	.	...	Do. (B)	....	(⅞ bid 2 asked)			
17	14⅞	90c	5.8	Shawinigan Pr.	2148	14½	15⅞	14⅞	15
12½	8½	.	...	Sher. Wms.	....	(8½ bid — asked)			
115	114	7+1.75▲	6	Do. pref.	....	(108 bid 112 asked)			
4½	3	.	...	Silverwoods	....	(3½ bid 5 asked)			
6½	5½	40c	6.7	Do. pref.	35	6	5½	5½	5½
6½	6	60c	10	Simon & Son	....	(5⅞ bid 6 asked)			
105½	105½	7	...	Do. pref.	....	(— bid — asked)			
11	11	.	...	Simpson, A.	....	(9 bid 11 asked)			
5	3½	.	...	Do. (B)	2	4½	4½	4½	4½
100	91½	6.50	6.6	Do. pref.	26	98	98	96	98
135	135	6	4.4	Simpson, R., pf.	....	(132 bid 140 asked)			
10½	10	80c	8	So. Can. Pr.	100	10	10	10	10
106	102½	6	5.8	Do. pref.	25	105	105	102½	102½

Government Bonds

Dominion of Canada Bonds (Supplied by Investment Dealers' Assoc. of Canada)

Mar. 26, 1941

%	Due	Bid	Ask	Approx. Yld.
5	Nov. '41	102¼	102⅜	1.00
1½	May '42	100¼	100⅜	.90
2	June '42	100⅞	101⅛	.87
3	Oct. '42	102½	103	1.08
2½	June '43	102	102⅜	1.23
5	Oct. '43	107¾	108⅜	1.58
2	June '44	101	101⅜	1.44
a2½	Jan. '44	93⅞	94⅞‡	4.30
4½	Oct. '44	108⅞	109¼	1.91
2½	Nov. '44	102¼	103	1.65
a2½	Aug. '45	91½	92½‡	4.42
4	Oct. '45	105½	106	b1.69
4½	Feb. '46	109⅞	110¼	2.24
3½	June '49	102⅞	103⅜	b2.51
3½	Oct. '49	103½	104	b2.33
3½	Nov. '51	101½	102	b2.95
3½	Feb. '52	101½	102¼	b2.90
a5	May '52	99	99⅞‡	5.02
4	Oct. '52	105⅞	106¼	b2.94
3	Oct. '52	98½	99¼	3.07
3	June '55	98⅞	99⅞	3.05
4½	Nov. '56	107¼	108¼	b2.89
4½	Nov. '57	108	108⅞	b3.01
3	June '58	98	98⅞	3.09
4⅞	Nov. '58	108⅞	109⅞	b3.07
4½	Nov. '59	109⅞	110½	b3.10
a4	Oct. '60	90⅞	92‡	4.63
a3½	Jan. '61	83⅞	85‡	4.38
3½	June '66	100¼	101¼	b3.15
a3e	Jan. '67	79⅞	81⅞‡	4.15
a3e	Nov. '68	79⅞	81⅞‡	4.10
†3	Perpet'l.	90⅞	91½	3.28
Dominion Guarant'd Bonds				
Can. Nat'l. Railways:				
2	Feb. '43	100⅞	101½	1.24
2½	Jan. '46	100⅞	101⅞	1.95
3	May '44	103	104	1.71
3	Dec. '50	99	100	3.00
3	Feb. '53	98¼	99¼	3.07
3	Jan. '59	97	98	3.15
•4½	Sept. '51	113⅞	114⅞	2.86
•4½	Feb. '56	114	115	3.23
4½	July '57	115	116	3.24

%	Due	Bid	Ask	Approx. Yld.
•4½	June '55	116⅞	117⅞	3.21
5	Feb. '54	116⅞	117⅞	3.31
•5e	July '69	114	115	b1.77
•5e	Oct. '69	118½	119½	b2.96
•5e	Feb. '70	118½	119½	b3.05
Grand Trunk Pacific Rly.:				
3	Jan. '62	97⅞	98⅞	3.08
Provincial Gov't. Bonds				
New Brunswick:				
3	Oct. '51	87	89	4.31
3½	Aug. '49	91	92	4.40
3½	June '56	91	93	4.11
c4	Nov. '47	96½	98	4.35
c4½	Apr. '61	98	99½	4.54
c5	Jan. '60	103	105	4.60
Nova Scotia:				
3	Jan. '52	93	94½	3.61
3½	June '56	93	94½	3.72
3½	Nov. '50	97½	98⅞	3.65
c4½	Sept. '52	106	107	b3.31
c4½	Nov. '60	108½	110½	3.75
c5	Mar. '60	114	116	3.83
Ontario:				
2½	May '45	100	101	2.25
3	Apr. '48	99	100	3.00
3	Nov. '50	98½	99½	3.06
3½	Nov. '51	100	101	b3.12
3½	May '55	99⅞	100⅞	b3.16
•4	June '62	106	108	3.47
4½	June '50	109	110	3.23
•4½	Jan. '62	112⅞	114⅞	3.50
5	Oct. '48	111½	112½	3.17
•5	Dec. '60	119½	121½	3.50
5½	July '46	111¼	112¼	2.97
Ont. Hydro Commission:				
3	Aug. '48	99	100	3.00
3½	Feb. '53	99⅞	100⅞	b3.15
3½	Apr. '47	101⅞	102⅞	3.00
Prince Edward Island:				
3	Oct. '45	95	97	3.69
Quebec:				
3	Nov. '47	95	96	3.68
3½	Mar. '48	95½	96½	3.82

%	Due	Bid	Ask	Approx. Yld.
3½	Mar. '59	92	93½	4.01
3⅞	Feb. '55	96½	97½	4.01
4	Mar. '52	99½	100½	b3.97
4½	Aug. '58	101	103	4.01
4½	Jan. '63	104	106	4.09
Alberta:				
4	Dec. '54	53	57	d
4½	Oct. '51	65½	69½	d
c4½	Oct. '56	54½	58½	d
•5	Oct. '59	57	61	d
c5½	Apr. '52	62	66	d
6	Mar. '47	66	70	d
British Columbia:				
c4	Dec. '57	96	100	4.00
•4½	Jan. '51	99	103	4.13
c4½	Oct. '53	99	103	4.20
c5	Apr. '54	102	106	4.40
5½	Feb. '45	101	105	4.13
6	Feb. '47	104	108	4.46
Manitoba:				
c4	Dec. '57	86	90	4.97
c4½	Dec. '56	89	93	5.13
•5	Dec. '59	92	96	5.34
5½	Oct. '55	92½	96½	5.85
6	Apr. '47	94½	98½	6.38
Saskatchewan:				
4	Sept. '54	66	70	7.88
4	Nov. '60	66	70	6.75
c4½	Oct. '51	80	84	6.63
c4½	Mar. '60	71	76	6.75
5	Aug. '58	74½	78½	7.18
5½	Oct. '52	78	83	7.76
6	Mar. '52	84	89	7.48

*–Payable Can., N.Y. and £. b–Calculated to call date giving lowest possible yield. c–Payable Can. & N.Y. a–Payable N.Y. †–Callable on or after Sept. 15, 1966. d–Traded flat. Interest being paid at 50% of coupon rate, minimum rate 2%. e–Callable at a premium. ‡–N.Y. funds.

Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)

Mar. 25, 1941

Industrials:	Bid	Ask.
Acme Farm. D.	32½	35
Andian National	26⅞	28
Anglo C. Tel., A	8	8½
Atlas Steel	21	25
Barrymore, pfd.	28	..
Blue T. Brew. A	8½	10
Do., B	6	7½
B. C. Pulp, c.	12⅞	15
Do., pfd.	63	66
B. C. Sugar	73	75
B. C. Tel., 1st p.	110	114
Burns & Co., A	3⅞	4⅞
Do., B.	2½	3½
Can. Co-op. Wl.	8	..
C. I. L., A c.	195	..
Can. Ing. Rand	77½	82
Can. Mot. L.A.B.	2⅞	..
Can. Tube, 1st p	88	..
Can. West'ghouse	44	46½
Chase, A. W., p.	18	20
Claude Neon, p.	5½	6
Colonial Steam.	13½	15½
Copeland Fl. un.	14	16
Dom. Manuf., p.	60	66
Dunlop T. p. $25	23½	24½
East. Steel, pf.	20	22⅞
Easy Wash. p $10	10	12
Goderich Elev.	7	8
Guelph Carp., c.	20	23
Gurney Fdry., p	1½	1½
Hayes Steel, c.	9	10
Hi'land Dairy, p	49	53
Homewood San.	100	120
Ingram & Bell	26	31
Kingst. Ship. un	26	30
Loblaw Inc., c.	11½	13
M'row Screw, p.	99	..
Do., com.	10	12
Moirs, pfd.	18	..
Mt. Royal H., c.	2½	..
Morrison Br. un.	4	6½

	Bid	Ask.
N. B. Tel., c.	10½	12½
Neilson, Wm., c.	9	..
Do., pfd.	100	..
N. Meth. Ldy. p	54	57
Ont. Tobacco, p.	17½	21
Pac. C. Term., c.	9	10⅞
Paterson, Wm. p	103	..
Prov. Paper, pfd	105	106½
Ruddy, E. L., p.	23	26
Stand. Fuel, p.	59½	63
Stedman, pf. $50	56	58
Tor. Carpet, c.	38	..
Do., pfd.	64	68
Un. F. Co-op.	2½	3½
Un. Steel, A pf.	22	23⅞
Viceroy Mfg., p.	24½	25½
Do., com.	12	15
Westons Hold.	2⅞	..
Trusts & Loan Stocks:		
Brit. Mtge.	125	135
Brockville Tr.	40	..
Capital Tr.	28	32
Com. Fin., c.	2⅞	3
Grey & Br. Tr. $50	42	46
Guaranty Trust	102	105
Guelph & O. $50	51½	54
Indust. Mtge.	25	..
Lambton Loan	31½	33
London & West.	33	37
Midland Loan	14	16
Premier Trust	61	66
Sherbrooke Tr.	120	..
Sterling Trust	57½	..
Traders Fin. A c	8	10
Do., A pfd.	85	89
Trusts & Gr. new	50	52½
Victoria Trust	73	80
Waterloo Tr.	100	..
Insurance Stocks:		
Canada Life	400	..
Brit. Amer.	50	55

	Bid	Ask.
Canadian Fire	81	85
Confed. 30% pd.	135	140
Continental L.	35	..
Crown, fully pd.	255	267
Dominion Fire	138	..
D. of Can. Gen.	115	122
Empire, 25% pd.	5½	6½
Excelsior 38% pd	70	..
Federal, 25% pd	52½	..
Great-West Life	200	210
Halifax Fire	16½	17½
Imperial Life	295	305
Manufac. Life	235	242½
Monarch Life	32	..
National Life	24½	28
Sov. L. 25% pd.	12½	..
Sun Life	300	325
Tor. General	5	5½
Wellington Fire	58	..
Western Assce.	40	44
Theatre Stocks:		
Allen's King., p.	60	..
Do. St. Cath. p	51	..
Mansf. Theat. p.	28½	30
Para. Kitch., p.	52½	..
Do., Oshawa, c	8	10½
Investment Trust Shares:		
Can. Investors	5	6
Deb. & Sec., pf.	60	..
Inv. Found. un.	42½	45
Sec's. Hold., pf.	19	20⅞
United Corp., A	19½	21½
Do., B	4½	5½
Power Issues:		
Can. W. N. Gas	25	..
Do., pfd.	101	103
Gt. Lakes Pr., p.	101½	104
Int. Ut., $1.75 p.	13	..
Do., $3.50 p.	33	..
Mtl. Is. Pwr., p.	21	..
Nor. Ont. Pr., p.	72½	78

Unlisted Mines

Toronto, March 25, 1941

	Bid	Ask
Acordia	.29	.32
Addington	.00⅞	.01½
Albany R		
(Old)	.05	.07
(New)	.12	.16
Amal Kirk	.08	.09
Anoki	.02½	.03
Aquarius	.20	.23
Arjon	.03½	.04
Armistice	.08	.09½
Argosy	.07½	.08
Area	.03½	.04½
Athona		
(Old)	.01	.02
(New)	.02⅞	.03½
Barb Lard	.01⅞	.02½
Bilmac	.01½	.02
Bonetal	.50	.54
Brock	.37	.39
Buf Bear	..	.04
Calder Bo	.01⅞	.02½
Central M	.02	.03
Cheminis	.03	.03½
Coin Lake	.03½	.03⅞
Cons Chib	.04	.06
Crescent	.00½	.01½
Dayton	.01	.02
Demp Cad	.01	.01½
Desants n	.20½	.23

	Bid	Ask
Dona Pat	.01½	.01⅞
E Lacoma	.00½	.01
Elmos	.07	.09
Franco	.15	.22
Galore	.01⅞	.02½
Gan Cop	.08½	10
Gate Pat	.00⅞	.04½
Gilbec	.01½	.02
Gord Leb	.00½	.01½
Highridge	.12	.14
Hoyle nw	.27	.29
Hugh PaP	.05½	.06½
Hutch Lke	.00⅞	.01½
Jasper	..	.16
Keora	.03	.04
Kenricia	.01½	.02½
Kewagama	.01	.02
Kiena	.02	.04
Kirk Gate	.01	.02
Lacoma	.00⅞	.01½
Laguerre	.15	.20
Lake Duf	.20	.24
Lake Gen	.03	.03½
Lardego	.00½	.01
Lw Pete	.15	.18
Magnet C	.85	.88
Magnet L	.18	.21
Magwell	.01½	.02½
Manik'u	2.00	2.50

	Bid	Ask
Martin Br	.03	.03⅞
Margaret	.09	.10
Mata Can	.03	.04
Mata Con	.16	.19
McMar'ac	.41	.43
Mof Hal n	.02½	.03½
Monarch	.01	.02
Mooshla	.01	.01½
Mosher	.04⅞	.05½
McGregor	.01	.02
McManus	.02½	.03½
Nat Mal	.30	.33
Negus	.85	.95
New Aug	.33	.35
New Roy	.00½	.01
Nickel O	.85	1.00
Norbeau	..	.25
Northland		
(1940)	.04	.06
Norwin	.06½	.08
Numalake	.12	.14
Oklend	.04½	.05
O'Leary	.04½	.05
Opemiska	.03	.04
Oriole	.00⅞	.01½
Orpit	.06½	.07
Ossian	.00⅞	.01½
Pascalis	.33	.36
Pelangio	.01½	.02½

	Bid	Ask
Phoenix	.01½	.02½
Pontiac R		
(Old)	.04	.07
Polaris	.07	.09
Propri'y	2.50	2.70
Presdor	.04½	.04½
Queb Man	.06	.07½
Rahn Lake	.00½	.01½
Rand Ml	.08	.09½
Red Lake	.01½	.02
Sachigo	2.25	2.75
Senore	.08	.10
Shenango	.01⅞	.02½
Sheldon	.04½	.06
Siscoe Ex	.01½	.02½
Skynner	.04	.05½
Smelt Gl	.00⅞	.01½
Spooner	..	.02½
Sunbeam	.02	.03
Springer	.20	.22
Stadacona	.05½	..
Thomson	.14	.16
Thomp Cd	.01	.02½
Treaty Pt	.08	.12
Union Min	.03	.04
Wasu	.04	.05
West Red	.02½	.03½
Woco	.02½	.03½
Y David'n	.20	.23

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

Mar. 25, 1941

Public Utility Issues:	Int. Rate %	Due	Bid Mar. 25	Asked	Bid Mar. 18
▲‡Alg. C. H.B.R.	5	'59	6½	9½	6½
†Assoc. Tel & T.	5½	'55	72½	75½	71½
B. C. Power	4½	'60	98½	101½	99
B. C. Tel.	4½	'61	107	110	107½
†Calgary Pwr.	5	'60	107	110	107½
Do.	5	'64	103	...	103
†Can. Nor. Pwr.	5	'53	102½	105½	103½
•Dom. Gas & El.	6½	'45	101½	104½	101½
Gatineau Pwr.	5	'49	101½	104½	102
•Do., A	3⅞	'69	97½	100½	97½
▲Do., B	3⅞	'69	97½	100½	98
Gt. Lakes Pwr.	4½	'56	99	102	99
Do.,	5	'57	95½	98½	95½
•Int. Hydro-E.	6	'44	54½	57½	54½
▲Inter. Power	6	'55	101½	...	101½
L. St. Law Pwr.	5	'55	98	101	98
Macl'n-Que. Pr.	4	'59	97	100	97½
Mtl. L. H. & P.	3½	'56	100½	103½	100½
Do.,	3½	'73	97½	100½	97½
Do.	3½	'63	98½	101½	98
†Mtl. Tramways	5	'41	93	96	93½
†Do.	5	'55	64½	67½	64½
Nat. Lt. & Pwr.	6	'49	100½	103½	100½
N. S. Lt. Pr.	4	'57	101	104	101
Ottawa L.H.&P.	4	.57	101	104	101
Ottawa V. Pwr.	5	'59	102½	105½	102
†Power Corp.	4½	'59	95	98	96
Quebec Pwr.	4	'62	100½	103½	100½
•Saguenay P., A	4½	'66	109	112	109½
▲Do., B	4½	'66	107	110	107
St. Maurice Pr.	4½	'70	100½	103½	101
Shaw. W. & Pr.	4	'61	101	104	101
Do.	3½	'46	100½	103½	100½
Do.	4	'69	100	103	100
Union Gas	4½	'30	102½	105½	102½
•Twin C. R. Tr.	5½	'52	66	69	67
†United Secs.	5½	'52	59½	62½	60½
‡Wpg. El., ser. A	5	'65	67½	70½	67½
Do., B	5	'65	50½	53½	49½
Industrial and Realty Issues:					
†Abitibi P. & P.	5	'53	67	70	70
Do., C.O.D.	5	'53	62	65	65½
Acadia Sugar	4½	'55	102	105	102
Do.	6	'54	97½	100½	97½
†Alta. Pa. Grain.	6	'46	98½	101½	98
Algoma Steel	5	'48	102½	...	102
Atlantic Sugar	4	'51	100	...	100
†B. C. P. & Pap.	6	'50	89	92	88
†‡Do.	7	'50	107	111	104
•Brown Co.	5½	.46	51½	54½	53
Burns & Co.	5	'58	60	63	59½
Canada Bread	6	'41	100	103	100
Canada Cement	4½	'51	104	...	104
Canada Electric	4½	'65	96	99	96
Can. Paper	4½	'52	101	104	101
Can. Steamships	5	'57	98½	101½	98½
Can. Canners	4	'51	100½	103½	100½
•Can. Int. Paper	6	'49	103	106	103
‡Can. Locomotive	6	'53	86	90	84
‡†Candn. Vickers	6	'47	54½	57½	54
C. P. R.	3½	'51	91½	94½	91½
Do.	4	'49	95	98	95
Do.	4½	'44	99½	102½	99½
Do.	6	'42	103	106	103
Col. Steamships	6	'54	94	97	94
†Consol. Paper	5½	'61	68	71	70
Dom. Coal	4½	'32	101½	104½	101½
Dom. Scott. Inv.	4	'52	95	..	95
Dom. Stl. & Co.	6½	'55	104½	107½	104
Dom. Tar	4½	'51	101½	104½	101½
Dom. Woollens.	6	'53	95½	98½	96
†Donnacona P.	4½	'56	73	76	73½
•Dryden Pap.	6	'49	100	...	100
‡Dufferin Pav.	5	'55	54½	57½	54
†East. Dairies	6	'49	78	81	79
Famous Players	4½	'51	100	103	100½
†Federal Grain	6	'49	98	101	98
†Fraser Cos.	6	'50	98½	101½	98½
Galt Brass	5	'50	90	...	90
Gen. Stl. Wares.	4½	'52	99	102	99
•Great L. Paper.	5	'55	93	96	94
•Gurney Fdry.	5½	'49	70½	73½	71
†Gypsum, Lime	5½	'48	99	102	99
Ham. By-Pr., C.	5	'55	102	105	102
Do.	6	'36	100	...	100
Ham. Cotton	4½	'50	99½	...	99½
Inter-City Bak.	5½	'48	101½	104½	101½
Indust. Accept.	4	'32	82½	85½	82½
Ins. Ex. Bldg.	3	'51	42	45	42
•Inter. P., Nfld.	4½	'68	88½	92½	88
•Inv. Bond & Sh.	5	'47	[illegible]	53	49
†Kingston Elev.	6	'50	105	108	105
Lake St. J. P.	5½	'61	88	91	88½
Do.	5	'61	59	62	61
Legare	6	'61	86½	90½	86

Supplementary Stock Quotations

(Furnished by Plaxton, Cherry & Co., Toronto)

Mar. 25, 1941

Miscellaneous:	Bid Mar. 25 $	Asked $	Bid Mar. 18 $
Adirondack Fdry., c.	10	11½	10
†Allens Tor. Th., p.	32½	35	32
Brown & Co., c.	1	1½	1
Can. Tube & Stl., c.	3½	4	3
Corrug. Paperbox, c.	½	⅞	½
Dover Industries	7	7½	7
East. Bake., p.	26½	30	28
†Ft. Wm. Hotel, units	43½	51	43
Galt Brass, c.	8	9½	8
Imperial Varnish, c.	8½	9½	8½
Ingram & Bell, new p.	79½	86	79
Inter. Equities, units	25½	30	24
•Loew's Buffalo Th., p.	6½	..	6
Loew's Lond. Th., p.	2½	2½	2½
Mersey Paper, c.	4½	5½	4½
•Midland Prop's., p.	6½	..	6
Minn. & Ont., c.	3½	3½	3
•Mt. Royal, old pf.	3⅞	4½	3⅞
Murphy Paint, units	99	100	99
Nat. Hosiery com.	⅞	1	⅞
Niag. L. Arch Br.	37	41	37½
†N. Amer. Elev., p.	64½	68	64½
Sutton Horsley	.85	.95	.85
Traders Fin., rights	12½	14	12½
Waterloo Mfg., new	1½	1½	1
•Wentw. Radio, pref.	2½	..	2
West Can. Hydro, p.	11⅞	12½	11⅞
West Life, 10% pd.	8½	10	8½

*Issue carries arrears.
†Currently paying on arrears.

Municipal Bonds

Mar. 25, 1941

†Halifax	5	1961	110.00	114.00	3.99
Hamilton	5	1950	109.75	111.75	3.50
Montreal	5	1945	94.00	97.00	5.85
Ottawa	4½	1945	104.50	106.50	2.90
†Quebec	5	1959	106.00	109.00	4.25
Saint John	5	1950	102.00	105.00	4.38
†Toronto	4½	1955	110.20	112.20	3.40
†Vancouver	5	1950	98.00	101.00	4.86
Winnipeg	5	1944	101.00	104.00	3.61

†Payable Can. and N.Y.

Investment Trusts

	Bid	Asked
Can. Amer. Trust	2.70	3.10
Can. Invest. Fund	3.25	3.60
Grouped Income	...	5.00
Trans-Canada	9.75	10.65

Corporation Bonds (Cont'd)

Maple Leaf M.	3	'58	71½	74½	72
Man. Sugar	5	'60	96½	99½	96½
Massey-Harris	4½	'54	93½	96½	94
McColl-Fron.	4½	'49	101½	104½	101½
McCormick's	4	'52	96½	99½	96
Do.	4½	'52	103	...	103
Mercury Mills	5	'59	92½	95½	93½
Mersey Paper	5	'57	97½	100½	97½
†Do.	6	'49	99½	...	100
•M. & O. Paper	6	'45	53½	56½	54½
Moirs Ltd.	6	'53	84	...	84
‡Mtl. Drydocks	6	'48	39	43	38
Montreal Apts.	4	'34	58½	61½	59
Nat. Grocers	4	'47	101	104	101
N. S. Stl. Coal	3½	'63	84	87	84
Price Bros.	5	'37	96	99	96½
Do.	4	'57	83	86	83
•Prov. Paper	5½	'47	105	...	105
Reliance Grain.	4½	'52	94	97	94
†Restigouche Co.	6	'48	99	102	99
Rolland Paper	4½	'51	102½	105½	102½
Ruddy, E. L.	6½	'48	101	104	101
Silv. Dairies	6	'66	92	95	92
Simpsons Ltd.	4½	'51	99	102	99
Smith, Howard.	4½	'51	104	...	104
Stand. Lime	6	'44	97	...	97
Sterling Coal	6	'45	96½	...	96½
Stop & Shop	3	'47	60½	64½	60½
United Corp.	5	'33	90	93	90
•United Gas	5½	'48	104	107	104
United Gr. Grs.	5	'48	95½	98½	96½
†Western Grain	6	'49	59	62	60½

*Payable in Can. or U. S.
†Payable in Can., U. S. or U. K.
°Payable in U. S.
▲Payable in Canada only.
‡Traded without accrued interest.
▲Payable in Can. or U. K.

Winnipeg Stocks

(Transactions from Mar. 17 to Mar. 22)

	Sales	High for period	Low for period	Close Mar. 22
Beaver Lumber, com.	100	4.00	4.00	4.00
Central Manitoba	1,100	.02	.02	.02
Crescent Creamery, pf.	5	11.75	11.75	11.75
United Grain Growers	10	9.50	9.50	9.50
Western Breweries	11	1.75	1.75	1.75
Western Steel	200	9.00	7.50	9.00

Stocks Not Traded in During Week*

	Bid	Asked
Beaver Fire	75	..
Beav. Lumber, p	102	..
Can. Airways	1	..
Can. Indemnity	150	..
Dom. Envelope, c	8½	..
Dom. Envelope p	92½	97½
Home Invest.	13	..
Nor. Can. Mtg. p.	5	..
North. Trusts	7	..
Traders Bldg.	43	..
West. Grain, p.	..	7
Wings	.15	75

*Stocks more active on other exchanges not included.

Volume of Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
Mar. 25	4,300	14,300	172,000	......
Mar. 24	8,100	12,000	220,000	15,276
Mar. 22	6,700	4,100	95,000	9,612
Mar. 21	10,200	11,800	175,000	7,845
Mar. 20	8,800	9,400	133,000	16,155
Mar. 19	12,400	5,400	145,000	10,930

Annual Meetings

1941	Company	Place
Mar. 28	W. D. Beath & Son	Toronto
Mar. 28	Bidgood Kirkland G.	Toronto
Mar. 29	Blue Top Brewing	Kitchener
Mar. 29	Quinte Milk Prods.	Wellington
Mar. 29	Russell Industries	Toronto
Mar. 31	Holt Renfrew & Co.	Montreal
Mar. 31	Honey Dew*	Toronto
Mar. 31	Sangamo Co.	Toronto
Apr. 1	Silbak Premier Mines	Vancouver
Apr. 1	Western Steel Prods.	Winnipeg
Apr. 2	Reliance Ins. Co.	Montreal
Apr. 3	National Mal. G.M.†	Montreal
Apr. 3	United Corpns.*	Montreal
Apr. 3	Waite Amulet Mines	Toronto
Apr. 4	Noranda Mines	Toronto
Apr. 7	Mining Corp. of Can.	Toronto

*Annual and special. †Special.

Dividends Declared

	This payment	Date payable	Date of record
Agnew Surpass, c p	$1.75	Apr. 1	Mar. 15
Anglo Can. Oil	♦4c	May 1	Apr. 19
Asbestos Corp.	15c	Mar. 31	Mar. 15
Do., extra	15c	Mar. 31	Mar. 15
Assoc. Brew.	25c	Mar. 31	Mar. 15
Do., pref.	$1.75	Apr. 1	Mar. 15
Amer. Cyan. A B	†15c	Apr. 1	Mar. 12
Do., pref.	†12½c	Apr. 1	Mar. 12
Alta. Wood Pres. p	$1.75	Apr. 1	Mar. 27
Bathurst Pr. P.A.	25c	June 2	May 15
Biltmore Hats	15c	Apr. 15	Apr. 3
Brockville Trust	62½c	Apr. 1	Mar. 20
B.C. El. Pr. & G., p	$1.50	Apr. 1	Mar. 20
Bralorne Mines	20c	Apr. 15	Mar. 31
Do., extra	10c	Apr. 15	Mar. 31
Brant. Cordage pf.	32½c	Apr. 15	Mar. 20
Bell Telephone	$2	Apr. 15	Mar. 22
Brit. Amer. Assur.	$1.50	Apr. 1	Mar. 27
B. C. Power "A"	50c	Apr. 15	Mar. 31
Brazilian Tr., pf.	$1.50	Apr. 1	Mar. 15
Brewers & Distil., p.	*50c	May 20	Apr. 26
Do., bonus	*10c	May 20	Apr. 26
Broulan Porc.	3c	Apr. 19	Mar. 31
Building Prod.	17½c	Apr. 1	Mar. 15
Brit. Amer. Oil	25c	Apr. 1	Mar. 13
Burlington Stl.	15c	Apr. 1	Mar. 15
Bk. of Nova Scotia	$3	Apr. 1	Mar. 15
Belding-Cort.	$1	Apr. 1	Mar. 15
Do., pref.	$1.75	Apr. 1	Mar. 15
Cal. & Edm.	5c	Apr. 7	Mar. 7
Can. Cr. Stone	■10c	Mar. 31	Mar. 15
Can. Breweries, pf.	75c	Apr. 1	Mar. 15
Can. Celanese	25c	Mar. 31	Mar. 14
Do., pref.	$1.75	Mar. 31	Mar. 14
Do., participating	60c	Mar. 31	Mar. 14
Canada Cycle	30c	Mar. 31	Mar. 18
Do., pref.	1.25	Mar. 31	Mar. 18
Canada Life	$5	Apr. 1	Mar. 31
Cent. Can. Loan	$2	Apr. 1	Mar. 18
Can. Canners	12½c	Apr. 1	Mar. 15
Do., 1st pref.	25c	Apr. 1	Mar. 15
Do., participating	5c	Apr. 1	Mar. 15
Do., 2nd pref.	15c	Apr. 1	Mar. 15
Do., participating	5c	Apr. 1	Mar. 15
Can. Gen. Invest.	12½c	Apr. 15	Mar. 31
Can. Marconi	4c	June 1	Apr. 15
Can. Tube & Stl., p.	$1.50	Apr. 15	Apr. 8
Can. W. Nat. Gas p	$1.50	Mar. 1	Feb. 15
Can. Iron Fd.	$4.50	Apr. 15	Mar. 31
Do., pref.	$3	Apr. 15	Mar. 31
Candn Indust., pf.	$1.75	Apr. 30	Mar. 31
Do., com.	$1.75	Apr. 30	Mar. 31
Can. Car, pref.	■44c	Apr. 10	Mar. 21
Chartered Trust	$1	Apr. 1	Mar. 15
Can. Gen. Elec.	$2	Apr. 1	Mar. 15
Can. Cottons	$1	Apr. 1	Mar. 15
Do., extra	$2	Apr. 1	Mar. 15
Do., pref.	$1.50	Apr. 1	Mar. 15
Can Nor. Pwr.	■25c	Apr. 25	Mar. 31
Do., pref.	■$1.75	Apr. 15	Mar. 31
Canada Bread, pfd.	$1.25	Apr. 1	Mar. 20
Do., B pfd.	62½c	Apr. 1	Mar. 20
Comm. Alcohols, p.	10c	Apr. 15	Mar. 31
Crown Life	3%	Apr. 1	Mar. 31
Crown Trust	$1	Mar. 31	Mra. 21
Can. Gen. Insur.	$5	Mar. 31	Mar 15
Celanese of Amer.	†50c	Mar. 31	Mar. 14
Do., pr. pref.	†$1.75	Apr. 1	Mar. 14
Do., pr. pref.	$1.75	July 1	June 17
Do., part. pref.	†$3.50	June 30	June 17
Do., partic.	†$2.82	Mar. 31	Mar. 14
Chesterville L.	5c	Apr. 15	Mar. 28
Coronation Rylts.	1½c	Mar. 31	Mar. 20
Canada Steam. p.	$2.50	Apr. 1	Mar. 21
Can. Bk. of Commerce	$2	May 1	Mar. 31
Carnation Co. 1st p	†$1.25	Apr. 1	Mar. 19
Can For. Invest., p.	$2	Apr. 1	Mar. 15
Can. Perm. Mtge.	$2	Apr. 1	Mar. 15
Can. Converters	50c	Apr. 30	Apr. 10
Cent. Patricia	4c	Mar. 31	Mar. 15
Do., extra	2c	Mar. 31	Mar. 15
Cariboo Gold	4c	Apr. 1	Mar. 3
Do., extra	2c	Apr. 1	Mar. 3
Canada Packers	75c	Apr. 1	Mar. 15
Do., extra	50c	Apr. 1	Mar. 15
Canadian Oil, pfd.	$2	Apr. 1	Mar. 20
Can. West'ghouse	■50c	Apr. 1	Mar. 17
Can. Wire Box, A	37½c	Apr. 1	Mar. 15
Consumers' Gas	$2	Apr. 1	Mar. 15
Cochenour W'ns.	3c	Apr. 25	Apr. 10
Confed. Life	‡$1.50	Mar. 31	Mar. 25
Cons. Bakeries	15c	Apr. 1	Mar. 24
Delnite Mines	3c	Apr. 30	Apr. 5
David & Frere, A	25c	Mar. 31	Mar. 15
Dom. Foundries	25c	Apr. 1	Mar. 20
Dom Tar, pref.	$1.37½	May 1	Apr. 15
Dom. Glass	■$1.25	Apr. 1	Mar. 15
Do., pref.	■$1.75	Apr. 1	Mar. 15
Dom. Text., p.	$1.75	Apr. 15	Mar. 31
Do., com.	$1.25	Apr. 1	Mar. 15
Dominion Bank	$2.50	May 1	Apr. 19
Dominion Coal, pf.	37c	Apr. 1	Mar. 15
East Can. Savings	$1.50	Apr. 1	Mar. 20
Eastern Steel, pf.	25c	Apr. 1	Mar. 15
Eastern Trust	$2	Apr. 1	Mar. 20
Easy Washing, pf.	17½c	Apr. 1	Mar. 15
Economic Invest.	$1.37½	Apr. 1	Mar. 20
Fanny Farmer	†37½c	Apr. 1	Mar. 15
Firestone Pete.	1c	Mar. 31	Mar. 20
Falconbridge N.	5c	Apr. 4	Mar. 6
Foundation Co.	25c	Apr. 18	Mar. 31
Goulds Pumps, pfd.	†$1	Apr. 1	Mar. 21
Gatineau Power	20c	Mar. 31	Mar. 3
Do., 5½% pref.	$1.37	Apr. 1	Mar. 3
Do 5% pref.	$1.25	Apr. 1	Mar. 3
Goodyear Tire	62c	Apr. 1	Mar. 15
Do., extra	$1.50	Apr. 1	Mar. 15
Do., pref.	62½c	Apr. 1	Mar. 15
Greening Wire	15c	Apr. 1	Mar. 15
Gt. Lakes P., A B p	■25c	Apr. 1	Mar. 20
Gt. Lakes Pwr., pf.	$1.75	Apr. 15	Mar. 31
Gt. West Life	$3.75	Apr. 1	Mar. 20
Gt. West Sadd'y p.	$2.25	Apr. 4	Mar. 21
Do., 2nd pref.	$3	Apr. 4	Mar. 21
Guaranty Trust	$1.25	Apr. 15	Mar. 31
Howey Gold	2c	May 1	Mar. 31
Ham. Un. Theat., p.	$1.25	Mar. 31	Mar. 15
Honey Dew	50c	Apr. 1	Mar. 15
Ham. Cottons, pfd.	50c	Apr. 1	Mar. 15
Do., arrears	25c	Apr. 1	Mar. 15
Hinde & Dauch	12½c	Apr. 1	Mar. 15
Howe Sound	†75c	Mar. 31	Mar. 21
Huron & E. Mtge.	1%	Apr. 1	Mar. 15
Imperial Bank	$2.50	May 1	Mar. 31
Inspiration Min.	♦2c	May 30	May 1
Inter. Milling, pfd.	†$1.25	Apr. 15	Apr. 4
Inter. Nickel, pf.	†$1.75	May 1	Apr. 1
Do., c.	†50c	Mar. 31	Mar. 1
Imp. Tobacco	10c	Mar. 31	Mar. 7
Do., extra	22½c	Mar. 31	Mar. 7
Do., pref.	3%	Mar. 31	Mar. 7
Invest. Found., pf.	75c	Apr. 15	Mar. 31
Indust. Accept., A	25c	Mar. 31	Mar. 24
Do., pref.	$1.25	Mar. 31	Mar. 24
Inter Power pfd.	$1.75	Apr. 1	Mar. 15
Jam. Pub. Serv.	17c	Apr. 1	Mar. 14
Do., pref.	$1.75	Apr. 1	Mar. 14
Kerr Addison	5c	Apr. 28	Apr. 10
Kirkland Lake	5c	May 1	Mar. 31
Do., extra	1c	May 1	Mar. 31
Lamaque Gold	10c	Apr. 1	Mar. 7
Landed Bank	$1	Apr. 1	Mar. 15
Lang, J. A.	17½c	Apr. 1	Mar. 15
Do., special	12½c	Apr. 1	Mar. 15
Lava Cap Gold	†2c	Mar. 31	Mar. 20
McColl-Fron., pf.	$1.50	Apr. 15	Mar. 31
Montreal L. & Pr.	37c	Apr. 30	Mar. 31
Magnet Cons.	7½c	Apr. 10	Mar. 28
Monarch Rlyts.	1c	Mar. 31	Mar. 20
Melchers Dist., pf.	*30c	Apr. 15	Apr. 5
Marcus Loew's, p.	$1.75	Mar. 31	Mar. 15
Do., arrears	$1.75	Mar. 31	Mar. 15
Mtl. C. & D. Bank	$3	Apr. 1	Mar. 15
Mitchell, J. S., p.	$1.75	Apr. 1	Mar. 14
Mod. Containers	20c	Apr. 1	Mar. 20
Do., extra	10c	Apr. 1	Mar. 20
Do., pref.	$1.37½	Apr. 1	Mar. 20
Moore Corp.	55½c	Apr. 1	Mar. 11
Do., pref. A, B.	†$1.75	Apr. 1	Mar. 11
Moneta Porc.	3c	Apr. 16	Mar. 31
Mt. Zeballos G.	5c	Apr. 1	Mar. 20
Murphy Paint	20c	Apr. 1	Mar. 20
Do., pref.	$1.37½	Apr. 1	Mar. 20
Maritime Tel.	17½c	Apr. 15	Mar. 20
Do., pref.	17½c	Apr. 15	Mar. 20
Nat. Biscuit, com.	†40c	Apr. 15	Mar. 14
Nat. Breweries	50c	Apr. 1	Mar. 15
Do., pref.	44c	Apr. 1	Mar. 15
Nat. Grocers, pfd.	37½c	Apr. 1	Mar. 15
Naybob Gold	1c	Apr. 15	Apr. 1
Niag. W. Weav.	50c	Apr. 1	Mar. 20
N. S. Light & Pr., c	$1.50	Apr. 1	Mar. 15
Nat. Steel Car	50c	Apr. 15	Mar. 31
North Star Oil, p.	8¾c	Apr. 1	Mar. 12
National Trust	$2	Apr. 1	Mar. 21
Negus Mines	5c	Apr. 10	Mar. 31
N. Eng. Pr. Assoc. p.	†$1	Apr. 1	Mar. 15
Do., $2 pf.	†33⅓c	Apr. 1	Mar. 15
North Empire Mines	20c	Apr. 15	Apr. 4
Ogilvie Flour, c.	25c	Apr. 1	Mar. 22
Ottawa Elec. Rly.	30c	Apr. 1	Mar. 18
Ont. Loan & Deb.	$1.25	Apr. 1	Mar. 15
Ottawa L. H. Pwr.	15c	Apr. 1	Mar. 5
Do., pref.	$1.25	Apr. 1	Mar. 5
Ontario Silknit, p.	$1	Apr. 15	Mar. 31
Page Hersey	$1.25	Apr. 1	Mar. 15
Pioneer Gold	10c	Apr. 1	Feb. 28
Pickle Crow G.	10c	Mar. 31	Mar. 15
Preston E. Dome	5c	Apr. 15	Mar. 31
Do., extra	5c	Apr. 15	Mar. 31
Para. Pictures	†20c	Apr. 1	Mar. 14
Do., 1st pfd.	†$1.50	Apr. 1	Mar. 11
Do., 2nd pref.	†15c	Apr. 1	Mar. 11
Penmans	75c	May 15	May 5
Do., pref.	$1.50	May 1	Apr. 21
Porto Rico Pr., p.	$1.75	Apr. 1	Mar. 15
Power Corp., pfd.	■$1.50	Apr. 15	Mar. 31
Do., 2nd pref.	■75c	Apr. 15	Mar. 31
Premier Gold	3c	Apr. 15	Mar. 15
Pressed Metals	25c	June 2	May 15
Price Bros. pfd.	$1.37½	Apr. 1	Mar. 22
Remington Rand	†20c	Apr. 1	Mar. 14
Do., stk. div.	10%	May 1	Mar. 14
Do., pref.	†$1.12½	Apr. 1	Mar. 14
Regent Knit, pref.	§40c	June 1	May 15
Riverside Silk A	50c	Apr. 1	Feb. 15
Russell Indust.	20c	Mar. 31	Mar. 18
Do., pref.	$1.75	Mar. 31	Mar. 18

DIVIDEND NOTICES

Canadian Tube & Steel Products Limited

Notice is hereby given that a dividend of one and one-half per cent (1½%) on the 7% Cumulative Preferred Stock of Canadian Tube & Steel Products Limited has been declared payable on the 15th day of April, 1941, to Shareholders of record at the close of business on the 8th day of April, 1941.

By order of the Board.

P. B. NASH,
Secretary.

Montreal, February 28th, 1941.

The Toronto Mortgage Company

Quarterly Dividend

Notice is hereby given that a dividend of $1.25 per share, upon the paid-up Capital Stock of this Company, has been declared for the current Quarter, and that the same will be payable on and after

1st APRIL 1941

to Shareholders of record on the books of the Company at the close of business on 15th instant.

By order of the Board,

WALTER GILLESPIE,
Manager.

6th March 1941.

Provincial Paper Limited

NOTICE is hereby given that Regular Quarterly Dividend of 1¾% on Preferred Stock has been declared by PROVINCIAL PAPER LIMITED, payable April 1st, 1941, to shareholders of record as at close of business March 15th, 1941, in Canadian Funds.

W. S. BARBER,
Secretary-Treasurer.

Toronto, Ontario.

Mining Dividends

	Rate	Close Mar. 24	Yield %
Anglo-Huronian	‡10c	2.26	..
Aunor Gold	†4c	1.75	..
Beattie Gold	16c+2c	1.04	*17.3
Bralorne	80c+40c	10.25	*11.7
Broulan Porc.	12c	.90	13.3
Buffalo Ankerite	‡31c	3.75	..
Bulolo Gold	$3	18.25	16.2
Can. Malartic	8c	.55	..
Cariboo Gold	16c+8c	2.56	*9.3
Central Patricia	16c+4c	1.70	*11.7
Chesterville	5c	1.40	..
Cochenour Willans	3c	.82	..
Coniagas	‡25c	1.50	..
Coniaurum	16c+2c	1.35	*13.3
Cons. Smelters	$1+$1.25	34.50	*6.5
Delnite	‡6c	.90	6.7
Dome Mines	$2	23.00	8.7
East Malartic	‡30c	2.60	11.5
Falconbridge	5c	2.35	..
Francoeur Gold	†3c	.36	..
God's Lake	‡2½c	.29½	..
Goldale	‡2c	.11¼	..
Gold Belt	‡4c	.26	..
Grandview	†.00½	.11	..
Gunnar Gold	‡6c	.26	..
Hallnor	60c	5.20	11.5
Hard Rock	‡10c	.78	..
Hedley Mascot	‡8c	.56	..
Hollinger	65c+45c	12.87	*8.5
Howey Gold	2c	.28	..
Hudson Bay	‡$2	25.25	7.9
Inspiration	†2c	.25	..
Inter. Nickel, com.	$2	35.00	5.7
Island Mountain	‡15c	.87½	..
Kerr Addison	‡15c	3.65	..
Kerr Lake	‡10c	.20	..
Kirkland Lake	10c+2c	.94	*12.8
Kootenay Belle	‡12c	.20	..
Lamaque Gold	‡40c+10c	4.50	*11.1
Lake Shore	$2	19.00	10.5
Leitch	8c	.51	15.7
Little Long Lac	20c	1.80	11.1
Macassa	32c+3c	3.85	*9.1
Madsen R. Lake	6c	.57	..
McGillivray Coal	3c+1c	.20	..
McKenzie Red L.	♦12c	1.10	10.9
McWatters	10c	.21	..
Moreta	12c	.52	..
McIntyre-Porc.	$2.22+$1.11	48.50	*6.2
MacLeod-Cockshutt	‡20c	1.85	10.8
Naybob Gold	4c	.28	..
Nipissing	15c	1.05	..
Noranda	$4	53.87	7.4
North Empire	20c	5.00	..
O'Brien Gold	‡10c	.65	..
Pamour Porc.	12c	1.35	8.9
Pato Cons.	20c	2.30	..
Paymaster	‡1c	.23½	..
Perron Gold	16c+4c	1.45	*13.8
Pioneer, B C.	40c	2.05	19.4
Pickle Crow	40c	2.70	14.8
Placer Develop.	$1.20	9.50	12.6
Premier	12c	.92	..
Preston E. Dome	20c+5c	3.15	*7.9
Privateer Mine	‡16c+2c	.49	..
Powell Rouyn	‡10c	.77	..
Quebec Gold	‡2c	.25	..
Relief Arlington	‡5c	.02½	..
San Antonio	14c+6c	2.35	*8.5
Sheep Creek	16c	.85	..
Sherritt Gordon	‡10c	.69	..
Sigma Mines	‡45c	7.20	..
Silbak Premier	16c	.75	21.3
Siscoe	‡11½c	.68	..
Sturgeon River	4c	.22½	..
Sudbury Basin	‡2½c	1.26	..
Sullivan Cons.	‡9c	.65	..
Surf Inlet	‡1½c	.12	..
Sylvanite Gold	20c+10c	2.68	*11.1
Teck-Hughes	‡40c+5c	3.10	*14.5
Toburn	8c+12c	1.55	*12.9
Upper Canada	‡6c	1.81	..
Ventures	15c	3.35	..
Waite Amulet	‡10c	3.50	..
Wendigo	†3c	.18	..
Wright-Harg.	‡40c+30c	6.00	11.7
Ymir Yankee	2c	.07¾	..

*Yield including bonus. †Initial.
‡Paid in 1940.
♦Plus 1 sh. McMarmac Red Lake Gold Mines for each 5 shs. McKenzie held.

Dividends Declared (Cont'd)

Steel of Can.	75c	May 1	Apr. 7
Do., pref.	75c	May 1	Apr. 7
St. Law. Corp., A p	25c	Apr. 15	Mar. 31
St. Law. Pap., pref.	50c	Apr. 15	Mar. 31
Sheep Creek M.	4c	Apr. 15	Mar. 31
Standard Fuel, p.	$1	Apr. 1	Mar. 15
Simpsons, pref.	$1.62½	May 1	Apr. 19
Silverw'd Dairies, p	20c	Apr. 1	Feb. 28
Smith H., Paper pf.	$1.50	Apr. 15	Mar. 31
San Antonio	7c	Apr. 21	Apr. 5
Do., extra	3c	Apr. 21	Apr. 5
Stedman, p.	75c	Apr. 1	Mar. 20
Do., com.	15c	Apr. 1	Mar. 20
Do., extra	60c	Apr. 1	Mar. 20
Sylvanite Gold	■7c	Mar. 31	Feb. 10
Sher.-Williams, p.	$1.75	Apr. 1	Mar. 15
Do., arrears	$1.75	Apr. 1	Mar. 15
Saguenay Pr., p.	$1.37½	May 1	Apr. 15
South. Can. Pr.	20c	May 15	Apr. 30
Do., pref.	$1.50	Apr. 15	Mar. 20
Sun Life Assur.	$3.75	Apr. 1	Mar. 15
Sturgeon R. G.	4c	Apr. 30	Apr. 15
Tamblyn, G.	20c	Apr. 1	Mar. 15
Do., pref.	62½c	Apr. 1	Mar. 15
Tombill Gold	5c	Apr. 10	Mar. 28
Toronto Mortgage	$1.25	Apr. 1	Mar. 15
Teck Hughes	■10c	Apr. 1	Mar. 7
Tuckett Tobacco, p	$1.75	Apr. 15	Mar. 31
Third Can. Gen. In. Tr., A	■12½c	Apr. 1	Feb. 28
Do., extra	■2½c	Apr. 1	Feb. 28
Tor. Gen. Trusts	$1	Apr. 1	Mar. 15
Tip Top Tailors	15c	Apr. 1	Mar. 20
Do., pref.	$1.75	Apr. 1	Mar. 20
Tor. Gen Insur.	25c	Mar. 31	Mar. 15
Traders Finance, p.	$1.50	Apr. 1	Mar. 15
United Fuel, A, p.	75c	Apr. 1	Mar. 20
Viau, pref.	$1.25	Apr. 1	Mar. 20
Wabasso Cotton	50c	Apr. 1	Mar. 22
West. Grocers	75c	Apr. 15	Mar. 20
Do., extra	$1	Apr. 15	Mar. 20
Do. pref.	$1.75	Apr. 15	Mar. 20
West. Koot. Pr., p.	$1.75	Apr. 1	Mar. 19
Western Assur., c.	$1.20	Apr. 1	Mar. 27
Weston, Geo., c.	20c	Apr. 1	Mar. 12
Do., pfd.	$1.25	May 1	Apr. 15
Willson Stat., pfd.	$1.25	Apr. 15	Mar. 31
Wood. Alex. J. pfd.	$1.75	May 1	Apr. 15
Wilsil	25c	Apr. 1	Mar. 15
Wr. Hargreaves	10c	Apr. 1	Feb. 28
Do., extra	5c	Apr. 1	Feb. 28
Ymir Yankee Girl	2c	Mar. 31	Mar. 15

†Payable in U. S. funds.
*Arrears eliminated after giving effect to this payment.
■Subject to approval of Foreign Exchange Control Board.
♦Initial.
§40c also payable Sept. 1 and Dec. 1.
*Subject to approval at annual meeting.
‡Also $$1.50 each payable June 30, Sept. 30, Dec. 31.

DIVIDEND NOTICES

The Canadian Bank of Commerce

Dividend No. 217

Notice is hereby given that a dividend of two per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 30th April, 1941, and that the same will be payable at the Bank and its Branches on and after Thursday, 1st May next, to shareholders of record at the close of business on the 31st March, 1941. The Transfer Books will not be closed.

By Order of the Board.

A. E. ARSCOTT,
General Manager.

Toronto, 7th March, 1941.

The Dominion Bank

Dividend No. 234

Notice is hereby given that a dividend of two and one-half per cent upon the paid up Capital Stock of this Institution has been declared for the quarter ending 30th April, 1941. The dividend will be payable at the Head Office of the Bank and its Branches on and after Thursday, the 1st day of May, 1941, to shareholders of record of the 19th April, 1941.

By Order of the Board.

ROBERT RAE,
General Manager.

Toronto, 13th March, 1941.

Delnite Mines, Limited

(No Personal Liability)

DIVIDEND NO. 3

NOTICE IS HEREBY GIVEN that an Interim Dividend of Three per cent. (i.e., 6c per share) on the outstanding Capital Stock of the Company, payable in Canadian funds, has been declared payable April 30th, 1941, to Shareholders of record at the close of business April 5th, 1941.

By order of the Board.

W. S. WALTON,
Secretary.

Toronto, March 20th, 1941.

SIMPSONS, LIMITED

Preference Dividend No. 41

NOTICE is hereby given that a Dividend of One dollar and sixty-two and one-half cents ($1.62½) per share on the Outstanding Paid-up Six and one-half per cent (6½%) Cumulative Preference Shares of the Company has been declared payable May 1, 1941, to shareholders of record as at the close of business on April 19, 1941. The transfer books will not be closed.

FRANK HAY,
Secretary.

Toronto, March 20, 1941.

UNDER THE MANAGEMENT OF POWER CORPORATION OF CANADA LIMITED

Canada Northern Power Corporation, Limited

The Board of Directors has declared this day the following dividends:

7% Cumulative Preferred Stock

No. 65 quarterly, $1.75 per share, payable April 15th, 1941.

No par value Common Stock

No. 47, quarterly 25c. per share, payable April 25th, 1941.

to holders of record at the close of business March 31st, 1941.

L. C. HASKELL, F.C.I.S.,
Secretary.

February 25th, 1941.

Penmans Limited

Dividend Notice

NOTICE is hereby given that the following Dividends have been declared for the quarter ending the 30th day of April, 1941.

On the Preferred Stock, one and one-half per cent (1½%), payable on the 1st day of May to Shareholders of record of the 21st day of April, 1941.

On the Common Stock, seventy-five cents (75c) per share, payable on the 15th day of May to Shareholders of record of the 5th day of May, 1941.

By Order of the Board.

C. B. ROBINSON,
Secretary-Treasurer.

Montreal,
March 17, 1941.

Bathurst Power & Paper Co., Ltd.

Notice of Dividend on Class "A" Shares

Notice is hereby given that a Dividend of Twenty-five Cents (25c) per share on the outstanding Class "A" shares of the Company has been declared payable on the 2nd day of June, 1941, to shareholders of record at the close of business on the 15th day of May, 1941.

H. J. WEBB,
Secretary-Treasurer.

Montreal, March 24th, 1941.

Anglo-Canadian Oil Company LIMITED

ASSOCIATED COMPANIES

Interim Dividend Notice

NOTICE is hereby given that an interim dividend of four cents per share will be paid by the Anglo-Canadian Oil Company Limited on or after the 1st day of May, 1941, to shareholders of record as of the 19th day of April, 1941.

By Order of the Board of Directors.

Dated at Calgary, Alberta, this 17th day of March, 1941.

W. L. PEAKER,
Secretary.

TRANSFER AGENTS:
The Trusts and Guarantee Co. Ltd.,
Calgary, Alberta

Aldred Holders Meeting May 7

To Consider Steps to be Taken Following Non-payment of Interest

From Our Own Correspondent

MONTREAL. — Holders of the 4½% series A debentures of Aldred Investment Corp. have been notified by the trustee, Montreal Trust Co., that a special meeting has been called for May 7 to consider what measures will be taken following non-payment of debenture interest on Jan. 2.

A debenture holders' committee will be formed to consider preparation of a plan of reorganization or disposal of mortgaged premises.

To Default April 2

The trust deed provides the debenture security does not become enforceable until 90 days after non-payment of interest. Default will occur on April 2 if the semi-annual interest payment is not made. The trustee states that the company has advised it does not intend to make the payment. The trustee may then take possession of the company's assets.

Entire assets of the company currently consist of $52,000 cash and securities. Bonds of International Power Securities Corp., series C, E, and F of principal amount $570,000 are held. These bonds are secured by obligations of Societa Generale Italiana Edison di Electricita and other operating subsidiary companies in Italy.

Lost Italian Revenue

As a result of this lost revenue, Aldred Investment Corp. is left with insufficient revenue to pay interest on the 4½% debentures.

Other securities have a present market value of approximately $575,000, and produce at current dividend rate about $37,000 annually.

The trustee states that Dakers Cameron, George B. Foster and Charles V. Heward, all of Montreal, have consented to act on a debenture holders' committee.

Canadian Breweries Profits Off in Quarter

Profits of Canadian Breweries Ltd. for the first quarter of the company's current fiscal year were below those of the corresponding period last year, which established a record.

E. P. Taylor, president, informs shareholders that sales in the quarter were substantially in excess of sales in the same period of the previous year. Operating results in the first quarter last year were unusually favorable and the company had the benefit of certain non-recurring profits, and it is the expectation of the management that profits for the full current fiscal year will exceed last year's profits, Mr. Taylor states.

Comparative figures follow:

Three Months Ended Jan. 31	1941 $	1940 $
Profit from operations	255,931	296,591
Add: Other income	5,986	14,375
Net income	261,917	310,965
Less: Interest	29,446	26,030
Depreciation	119,255	117,891
Profits*	113,216	167,044

*Subject to provision for minority interest and income taxes.

DIVIDEND NOTICES

DIVIDEND NOTICE

Cochenour Willans Gold Mines, Limited

(No Personal Liability)

INTERIM DIVIDEND NO. 2

NOTICE IS HEREBY GIVEN that an interim dividend of three cents per share in Canadian funds has been declared on the issued capital stock of Cochenour Willans Gold Mines, Limited, and will be paid on the 25th day of April, 1941, to shareholders of record at the close of business on the 10th day of April, 1941.

By Order of the Board.

G. M. HUYCKE,
Secretary.

Toronto, Ontario, March 22nd, 1941.

NOTICE

Biltmore Hats Limited

NOTICE is hereby given that a dividend of Fifteen cents per share on the outstanding Common Shares of the Company will be payable on the 15th of April, 1941, to shareholders of record the 3rd of April, 1941, at 3 p.m.

By Order of the Board.

(Signed) WM. F. FRANKE,
Secretary-Treasurer.

Guelph, Ont.,
March 22nd, 1941.

San Antonio Gold Mines Limited

(No Personal Liability)

Dividend No. 15

Notice is hereby given that a dividend of 7c a share, and an extra dividend of 3c a share, making 10c a share in all, has been declared on the outstanding capital stock of the company, payable in Canadian funds, on the 21st day of April, 1941, to shareholders of record at the close of business on the 5th day of April, 1941.

By order of the Board.

M. SNYDER,
Secretary.

Winnipeg,
February 14, 1941.

CANADIAN GENERAL INVESTMENTS LIMITED

Dividend Notice

NOTICE is hereby given that a dividend of Twelve and One-half Cents (12½c) per share on the paid-up capital stock of the Company has been declared to shareholders of record March 31st, 1941, payable April 15th, 1941.

SHARE WARRANT holders will present Coupon No. 51 at the Main Office of the Bank of Montreal in Victoria, Vancouver, Calgary, Edmonton, Winnipeg, Montreal, Halifax, St. John, or at the King and Yonge Streets Branch, Toronto, where payment will be made at par.

By order of the Board.

E. M. STRAIN,
Secretary.

320 Bay St., Toronto, Ontario.

Acme Farm. Dairy pfd.
Bay Cumberland 6½'s
B. C. Pulp Securities
Can. Gen. Investments
Federal Grain Pfd.
Continental Life
Albert Bay 6½'s

A.J.Pattison, Jr.&Co.
Established 1907
Royal Bank Bldg. EL. 5101 Toronto
THIRD FLOOR

Guelph Carpet com.
Mar. Loew's com. & pf.
Ont. Tobacco units
Richmond Bay 6½'s
Trusts & Guarantee
Guaranty Trust
Premier Trust

Week in Wheat

Winnipeg Marks Time Waits Chicago Moves

New Strength Across Line Largely Attributed to Political Moves at Washington — Canadian Markets Firm — Crop News Minor Factor

From Our Own Correspondent

WINNIPEG—Canadian wheat markets continue to mark time, awaiting more definite developments at Chicago. In that centre there has been more activity and firmer prices. It is not yet clear whether the new strength is due to export prospects to Britain and continental Europe or to hopes of greater subsidies or other Government assistance from Washington. Crop news apparently continues to play an insignificant part.

Many American quarters continue to believe that some of the $7 billions U. S. appropriation for aid to Britain will be expended on wheat, though some news from Washington would not confirm that view. First food requirements of Britain in the United States, it is intimated, will be confined largely to vitamin-rich products such as citrus fruit juices.

In the meantime wheat at Winnipeg remained firm during the early part of the week, but with no significant moves in sight.

Wheat Policy Effects

Summarizing the effects of the new government wheat policy on acreage the James Richardson Letter last week sees far-reaching changes in western agriculture. That the payments will result in a substantial shift of acreage out of wheat, it states, seems fairly certain.

"Consider the position of a farmer making plans for 1941. He knows that his wheat marketings will be limited, more or less, to the yield from 65% of the acreage he planted to wheat in 1940. If this were the only fact confronting him, he might nevertheless decide to go on growing just as much wheat as before and to store the unmarketable surplus on the farm for the time being. This would be true particularly in areas where it is difficult to grow alternative crops. Under the present scheme, however, the farmer can increase his immediate cash income by transferring a portion of his acreage out of wheat into summerfallow, grass or coarse grains."

* * *

Far-reaching Changes

This transfer of acreage out of wheat will have far-reaching effects, argues the Letter. It is reasonable to expect an unprecedented expansion in the production of oats and barley in 1941, providing ample supplies of feed for the growing livestock population. The greatest shift out of wheat into oats and barley is likely to take place in the park area, along the northern edge of the wheat belt, where conditions are most suitable for mixed farming and least suitable for the production of high quality wheat. The government policy is therefore seen accelerating a more or less permanent change in agricultural practice in these areas. Corn growing is expected to be stimulated and flax, though seed supplies might be a limiting factor in the acreage expansion of these two crops. A fairly substantial acreage may be put permanently into pasture, as recommended by leading agriculturists, though all seed is scarce and expensive.

* * *

Seed Shortage

Indeed this shortage of seed is reflected already, apparently, by the activity in flax and coarse grain at Winnipeg this week. Undoubtedly this new interest partly arises from the demands for these grains for seeding purpose in anticipation of a diversion from wheat.

A bulletin put out by the Canadian Seed Trade Association also confirms a prospective shortage of all seed for hay and pasturage. It is stated that western Canada last fall did not produce enough alfalfa and sweet clover seed to sow more than 5% of the total acreage Ottawa hopes will be taken out of wheat.

* * *

Ask Generous Treatment

After commenting on the new wheat policy the Searle Grain Co. bulletin this week stresses the fact that western farmers are entitled to generous treatment. It also states that because of the wheat industry's past and future benefits to Canadian economy it should be maintained "in financially healthy condition." The Searle arguments are based on the following points:

(1) That a large surplus of wheat is a very valuable asset in wartime, and that, therefore, our farmers in providing that important surplus of wheat, and at a very low price, have made a splendid contribution toward the Empire's war effort.

(2) That the purchasing power of a bushel of wheat today over the things that farmers have to buy is some 40% less than it was in 1913-14.

(3) That the hourly pay of industrial labor in Canadian manufacturing plants making munitions of war other than foodstuffs, is approximately double what it was in 1913-14, and that labor is receiving, or is expecting to receive, additional bonuses to make up for the cost of living as it rises during the war.

(4) That no similar increased compensation to farmers for the rising costs of their living is apparently allowed for.

Commodities

Price Advances Wider in Scope

Feature of the commodity markets has been a tendency for the upward movement in evidence recently to widen its scope. Both agricultural and industrial commodities have been stronger although prices have been irregular. Strength in the industrial group has been a little more general than in the agricultural commodities. Government support for wheat and cotton prices especially is a big factor and as yet it is uncertain just how far this will go.

Rubber was an exception to the general trend. Rubber markets were weakened by a new plan to provide larger shipping space for rubber from the Far East for April. It is also proposed to use army transports for this purpose.

Raw silk was slightly higher with stocks on spot scarce.

	Latest week	Previous week	Same week last yr.
Cattle	$9.60	$9.60	$7.50
Hogs	11.40	11.60	12.00
Copper, lb.	.12	.12	.11½
Cotton, lb.	.1111	.1114	.1104
Rubber, lb.	.2260	.2275	.1855
Silk, lb.	2.90	2.86	2.94½
Sugar, raw, lb.	.0334	.0330	.0283
Wheat, Man. (bu.)	.75¾	.76½	.88½
Coffee, lb.	.06⅜	.96	.05½
Hides	.14	.13¾	.12½
Weekly Indices			
Canada (D.B.S.)	85.7	85.5	83.1
Do., Wood, Gundy	69.9	69.5	68.2
U. S. Labor	80.9	80.6	78.2
Dow Jones (future)	61.92	61.50	59.55
Fishers'	87.8	86.6	84.1
Monthly Indices			
Canada (D.B.S.):			
Retail (Feb.)*	108.2	108.3	103.8
W'sale (Jan.)	84.6	84.2	82.6
U. S. (Dec.)	80.0	79.6	79.2
Gt. Brit. (Dec.)	148.2	146.9	102.8

Note:—The base of indices is that 1926 equals 100. *Base 1935-39=100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle—Steers, good, over 1,050 lb., top price, Toronto. Copper-electrolytic, New York. Silk—Crack db., 13-15 New York. Sugar—96 degrees centrifugal c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis. Hides—No. 1 packer light.

Shawinigan Purchases Beauharnois Unit

From Our Own Correspondent

MONTREAL. — Public Service Board of Quebec has approved purchase by Shawinigan Water & Power Co. from Beauharnois Light, Heat & Power Co. of the retail distribution system in the town of Beauharnois and in the village of St. Louis.

The proposed purchase price of the system is agreed upon at $5,560, estimated to be the value of the property.

Wheat Prices

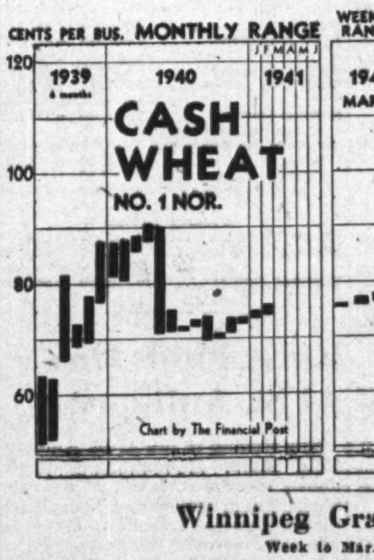

Chart by The Financial Post

Cash Quotations

	For Week Mar. 24 High	Low	Prev. Week High	Low
Wheat:				
1 Hard	.77	.75¾	.77¾	.76¼
1 Nor.	.77	.75¾	.77¾	.76¼
2 Nor.	.75⅛	.73⅞	.75½	.74¼
3 Nor.	.72⅛	.70⅞	.72½	.71¼
4 Nor.	.70⅛	.68⅞	.70½	.65
5 Wheat	.69	.68⅜	.68¾	.67¾
6 Wheat	.66⅛	.64⅞	.66¾	.65¼
Feed	.64⅜	.62⅞	.65½	.63⅞
Oats:				
2 C. W.	.35½	.35¼	.35	.34½
3 C. W.	.34⅝	.34¼	.34½	.33¾
Barley:				
1 Feed	.51⅛	.50⅜	.51	.50
2 Feed	.48¾	.48⅛	.48⅛	.46¼
Flax:				
1 C. W.	1.78	1.76⅝	1.73½	1.69
2 C. W.	1.76	1.74⅝	1.71½	1.67
Rye:				
2 C. W.	.53¾	.51¾	.51¾	.50

Winnipeg Grain Futures

Week to Mar. 24, 1941

Crop year from Aug. 1, 1940 High	Low		Open Mar 18	High for week	Low for week	Close Mar. 24	Close year ago
		Wheat					
.78¾	.71⅝	May	.77⅛	.78⅝	.76⅞	.76⅞	.90⅛
.81⅝	.77½	July	.79½	.80¼	.78½	.78½	.91¼
		Oats					
.36	.25⅝	May	.35⅜	.36	.35¼	.35⅜	.39⅝
.34½	.29½	July	.33⅞	.34½	.33¾	.34	.38
.32½	.30⅝	Oct.	.32⅜	.32½	.32⅛	.32½	.35⅛
		Barley					
.50⅞	.33¾	May	.50	.50⅞	.49¾	.49⅞	.53⅝
.48⅝	.39⅞	July	.48¾	.48⅝	.46⅝	.47	.52
.44	.41⅞	Oct.	.42⅞	.44	.42⅞	.44	.50
		Flax					
1.81½	1.16	May	1.74⅝	1.81½	1.74⅝	1.77⅞	2.11⅛
1.78⅛	1.20½	July	1.71⅛	1.78⅛	1.71⅛	1.75⅛	2.11⅛
1.65⅝	1.44⅝	Oct.	1.57½	1.65⅝	1.57½	1.65⅝	2.00¾
		Rye					
.54⅞	.44¼	May	.52⅝	.54⅞	.52¼	.53¾	.74
.55¼	.47⅞	July	.53⅝	.55⅝	.52⅝	.55⅛	.76⅝

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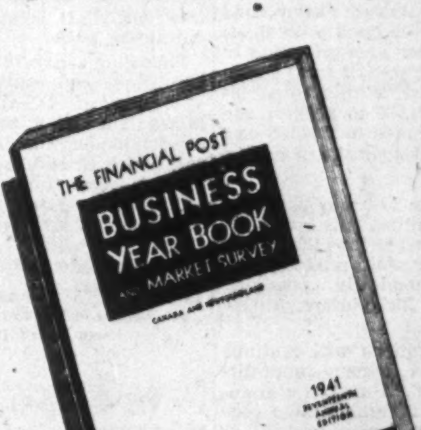
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Week in Mining

New Government Moves To Aid Prospecting

Clarification of Tax On Prospectors Most Important Development — Provincial Governments Also Lend Helping Hand

Prospecting in Canada this year will be encouraged by recent Government changes which affect the entire business of prospecting and mine development, according to men connected with the mining industry.

The most outstanding recent development — and one that has given the prospector new heart — is the statement by the Dominion income tax authorities that profits from bona fide prospecting and mine development will be regarded as capital gains and as such exempt from taxation.

Besides this, however, provincial governments have also been active in improving the lot of the prospector. In Quebec, formation of 10,000 share mining companies at only nominal cost has been arranged. Ontario has relaxed fees payable on mining claims. British Columbia, too, has announced financing of self-liquidating mining projects, with the Government actually going into the mining business. On the other side of Canada, it is hoped that the resurvey of mineral resources in Nova Scotia will bring new mineral enterprises in this section.

Custom Milling

Just as in the United States, custom milling has become increasingly popular in Canada and the scope of this type of operation appears likely to be extended over the next year or two. Broulan Porcupine Mines—which financed its own mill by shipments of ore to the leased mill of Mace Gold Mines—will likely start milling ore from the adjoining Bonetal mine around August, when work in the ore zones gets under way.

In the Little Long Lac area, McLellan Gold Mines is starting underground with finances supplied by Haras Corp., Toronto. Two levels will be opened up. Diamond drilling indicated one south ore zone running 600 tons of $5 ore per vertical foot with a zone to the north giving $250 tons of $8 material. It is quite possible that this will turn out to be another custom milling operation as there are two mills in the area which could handle the ore, it is understood.

* * *

Northland Spotters

Prospectors are going into the north country again this summer, but for many of them it will be a search for something other than metals. Their object will be to safeguard Canada's north by keeping a watch for Nazi planes and by being on the lookout for secret caches of oil or gasoline.

Enrolment for the new organization is being carried on in Kirkland Lake. It is sponsored by the Canadian Corps Association and is affiliated with the Veterans Home Guard. Bushmen and trappers are also being enlisted in the new work which will be carried on while the men are engaged on their own routine work. It is also expected to provide the nucleus of an organization for rounding up escaped prisoners.

Miners' Welfare

Mining companies are assuming a real responsibility for their employees' welfare. This is illustrated by the activities of Hudson Bay Mining and Smelting Co., as reviewed in their annual report:

"The relationship between the employees' welfare board of the Hudson Bay Mining and Smelting Co. and company officials was again very satisfactory. A welfare plan was inaugurated on May 1 which gives employees, in addition to the apprentice plan and vacations with pay previously in effect, the following benefits: First, old age pensions financed equally by the company and the employees; second, life insurance, financed solely by the company; and third, benefit payments for non-occupational accident and sickness, financed equally by the company and employees."

In addition the company commenced payment of a 5% cost of living "war compensation" bonus, starting last July.

* * *

Gold Output

Dominion gold production showed an increase at 450,132 ounces last December, compared with 450,006 ounces the preceding month, a final tabulation reveals. Value of output increased to $17,330,082 from $17,325,231.

Of the December total, 280,048 ounces—or more than half—came from mines in Ontario. In Dec., 1939, Ontario had only been responsible for 271,876 ounces. Quebec's output was 88,472 ounces as against 82,827 ounces the same month of the previous year while British Columbia mines increased their output from 46,627 to 51,192 ounces. Mines in the Northwest Territories recovered 6,999 ounces as against 4,944 ounces in Dec., 1939.

Broaden Work At Broulan

Investigate Favorable Area to East, Look For Hallnor Zone

Development of more distant sections of the property of Broulan Porcupine Mines is planned in 1941, President Bert W. Lang informed shareholders at the company's annual meeting this week. Drives are now being put out to the east and west limits of the property for this purpose.

Objective of the east drive, which is now out 1,138 ft., is the company's northeast claim. This is crossed by favorable greywacke formation in which are contained the chief ore bodies developed in the shaft area. The west drive, now out 1,207 ft. west of the shaft, will allow exploration of the northwest part of the property where some ore material was indicated in surface drilling in 1938.

Diamond drilling at Bonetal indicates a short section of the Hallnor zone may pass across the northwest corner of the Broulan property, Mr. Lang states.

Produce $300,000 Quarterly

It is planned to maintain production in the neighborhood of $300,000 a quarter. Production during the first quarter of 1941 may be slightly below normal due to pulling broken ore from shrinkage stopes in lower grade ore bodies in order to change these stopes over to cut and fill.

A total of 497,500 shares of Bonetal Gold Mines was purchased during 1940 and Broulan will hold slightly over a million shares on completion of financing. In order to handle Bonetal ores, when they are ready, the mill can be suitably raised 100 to 150 tons by expenditure of not over $50,000.

Indicated ore reserves at the end of 1940 were 514,800 tons with a cut grade of 0.282 oz. with high assays cut to an ounce. It is possible that tonnage to be mined may be greater and the grade lower than indicated due to the inclusion of low grade ore from the walls of the ore bodies and to mining other quartz bodies not now included in ore reserves.

Ore Body Straighter

Dr. W. F. James, the company's consulting geologist, explained to the meeting that as always believed the main original ore has a dip north to the Pamour line in the shaft area. However, the ore may be becoming more nearly vertical as depth is reached and is expected to remain on Broulan ground for at least two more levels. Enough information is not available to be certain that the ore does actually leave Broulan ground.

Ore east of the fault strikes into the Pamour ground but so far is nearly vertical and appears to be staying on Broulan ground at depth. Ore has been developed south of the shaft.

D. R. Michener was elected a director, replacing the late Alfred R. Caldwell on the company's board of directors. All other directors were re-elected. Dr. W. F. James fills Mr. Caldwell's place as the company's vice-president with Mr. Michener taking over the position of secretary-treasurer.

Week in Oils

From Our Own Correspondent

CALGARY.—Standard Oil Co. of British Columbia is speeding its development programme in the Princess oilfield. The company has completed arrangements for a third light duty Diesel-powered rotary rig to supplement the two rigs already in use in the field, and expects to have it delivered from the United States by the middle of April.

With three rigs going steadily at Princess, Standard is expected to have a dozen or more wells completed this summer. The Dominion Drilling Co., Canadian subsidiary of the Noble Drilling Co. of Oklahoma, is owner and operator of the rig used to complete the Standard Princess Nos. 1, 2 and 3 wells. The Can-Tex Drilling Co., Canadian subsidiary of the Harry Bass Drilling Co. of Texas, is the owner of the portable Diesel rig now in use at Princess No. 4 well, and of the new similar rig now being brought in. The two drilling companies will share the Standard drilling contracts for the extensive summer programme.

* * *

Oil Men Watching

The probability that a new important productive horizon has been found at the Princess No. 3 well, above the Madison limestone from which Princess No. 2 is producing, has centred the attention of oilmen on the newly completed well. The productive horizon, described tentatively as the Sunburst sand, was encountered at 3,195 feet. A brief but very satisfactory test of this section decided Standard officials to halt drilling five feet in the Madison limestone at 3,260 feet without drilling into the Madison section discovered at Princess No. 2. Production string of casing was run and cemented to 3,230 feet and the casing has been perforated between 3,195 and 3,205 feet for an extended test of the oil-bearing sand.

The Princess No. 2 well, brought in Dec. 30, is now on steady production, with experiments being made to determine the most efficient method of operation and the most efficient flow rate. Production has been running about 400 barrels per day, with the well more or less wide open. At this flow rate, however, gas-oil ratio is high (around 27,000 cu. ft. per bbl.), and it is probable that the well will be curtailed and operated under back pressure to cut down the volume of gas being produced per barrel of oil. As yet it is impossible to predict the productivity or efficient maximum of the well.

* * *

Expect More Tests

Two other groups besides Standard expect to have drill tests under way in the Princess field by the first of April. Anglo Canadian Oil Co. is now moving in its rotary from the Anglo No. 9 well in Turner Valley to its Anglo-Steveville No. 3 location three quarters of a mile east and north of Princess No. 2. Derrick has already been erected, and spudding is scheduled by April 1.

The Patricia Syndicate, financing the Anaconda Patricia No. 1 well located about five miles northwest of Princess No. 5, reports that rigging of light rotary equipment has been completed and that the well will spud as soon as sufficient water supply has been obtained from a water well now being dug adjacent to the well site.

* * *

Cut Pipe Charges

The pipe-line deduction that may be made by the Valley Pipe-line Co. on all oil transported over its Turner Valley-Calgary pipe-line system has been reduced from 1% to ¾ of 1% under an Order-in-Council dated March 4, and announced by the Alberta Government this week. The reduction is in line with a recommendation contained in the McGillivray Royal Commission report.

The change means that producers will be paid for 99¼ barrels out of every 100 delivered over the pipe line, as compared with 99 barrels in the past. On the basis of present field production (about 26,000 bbls. per day) this reduction will increase revenue of producers by about $83.20 per day. The change is equivalent to an increase in the posted price of crude oil of about one third of a cent per barrel.

Two more wells reached completion in Turner Valley last week, temporarily reducing the number of drilling wells to 28. Two new ventures, however, were slated to spud in this week. Several more are to spud during the coming month, offsetting the scheduled completion in the next few days of four wells now drilling in the Limestone productive formation.

The new completions are Anglo Canadian Phillips No. 2 and Okalta Royalties No. 10, both on the central west flank of the field. Both wells are now undergoing acid treatment, with indications pointing to good producers in both cases

* * *

Four Nearly Finished

Scheduled to spud in this week were Home Millarville No. 9, in the north end, and Argus Royalties No. 2 on the central flank.

Now near completion in the limestone are north end test Major Oil Investments No. 1 and central west flank tests Independent Royalties No. 1, Regal Royalties No. 1 and Calmont-Northwest No. 3.

Located last week end, increasing the number of wells slated to spud in Turner Valley this spring and summer to 15, were: Calmont-Northwest No. 4, in lsd 2 18-19-2w5; Royalite No. 57, in lsd 2 7-19-2w5; and Drillers & Producers Ltd. No. 3, in lsd 3 7-19-2w5.

Bonetal's Shaft Near Completion

Shaft sinking at Bonetal Gold Mines has reached 512 ft. with the fourth level station now being cut, shareholders were informed by President Bert W. Lang at the company's annual meeting. Completion of the shaft and crosscutting to the two ore zones is expected next month.

Crosscuts will be carried south on four levels, with drifting east and west on each level. The two zones will be explored by diamond drilling at close intervals. It is expected the Hallnor zone will be reached on the second and fourth levels some time in July.

Negotiations are being carried on with Broulan Porcupine for treatment of ore. It is planned to start shipments as soon as sufficient ore is available to secure bulk sampling information as well as revenue.

B. C. Plans Aid In Development

Scope of Plan to Be Extended if Results Justify

From Our Own Correspondent

VANCOUVER—The British Columbia Government is going into the mining business, by helping to finance promising prospects and properties now idle for lack of funds.

The plan will be launched in an experimental way and on a small scale at first, but will be extended if conditions are believed to justify such expansion.

Where a mining property has sufficient ore in sight to pay for the cost of extraction, the Government will take over operation on a non-profit basis and carry on until private interests feel warranted in taking over development on a larger scale.

Revolving Fund

An appropriation has been made to be used as a revolving fund, which will be reimbursed from the smelter returns on ore extracted. The Government will put in its own crew and take the returns from ore shipments, but will retain only as much as has been spent in development, the owner getting the balance.

Under the agreement to be made with the mine owners, the Government will be able to cease work at any time it appears development will not pay. The owners may terminate the arrangements, too, if they believe that the property, has been sufficiently developed to enable them to carry on.

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Miners Active in Manitoba

From Our Own Correspondent

WINNIPEG, —Greater activity appears probable for the central Manitoba mining area and the north of 53 district this spring, compared with a year ago.

A diamond drill is now being taken into the Walton Gold property, under option to Consolidated Mining and Smelting Co., and a thorough test will start this spring.

San Antonio Building

Practically all of the additional freight required by San Antonio for its new mill addition has already reached the mine and construction has started.

Central Manitoba Mines has shipped out most of its plant to railhead at Great Falls. The company has been spending around $4,000 per year for keeping the plant overhauled and under constant supervision and feels a considerable portion of this amount may be saved.

Further exploration of what is generally known as the Manitoba tin area is also likely this spring. At Bernic Lake, M. Samwald, a blacksmith at Great Falls, claims to have been able to obtain encouraging amounts of tin in an experimental smelter he has erected.

In North of 53 area Century Mining Corp. is erecting its milling plant and anticipates being in production during the coming summer. A. L. Stewart will diamond drill his property at Tartan Lake.

Broulan Bonetal — *Information on Request*
Stanley Moss
Frank G. Lawson
John D. Irwin
R. B. G. Clarke
MOSS, LAWSON & COMPANY
219 BAY ST. - - - TORONTO
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Mining Company Reports

Howey Gold

While production of Howey Gold Mines for 1940 declined with treatment of a lower average grade of ore, dividends received from shareholdings showed a substantial increase from $24,190 to $179,451 and net profit amounted to $302,086 or 6 cents a share as against 4.45 cents a share for 1939.

"Although the future of the mine is definitely limited, it is in the national interest, as well as that of the company, to maintain production as long as economically possible," President R. T. Birks informs shareholders.

Salvage operations will continue until operations become unprofitable, it is stated. Duration also depends on how favorable mine conditions continue.

Taking securities at market value, working capital amounted to $2,125,861 at Dec. 31, 1940, compared with $2,779,174 at the end of 1939. Decrease was due to decline in market value of shares held.

Income and Surplus Account
Years Ended Dec. 31

	1940 $	1939 $
Ore production	959,709	1,127,756
Discounts received	......	323
Interest (net)	7,716	8,867
Dividends	179,451	24,190
	1,146,876	1,161,136
Less: Development	5,131	4,826
Mining	358,780	308,066
Crushing & convey.	42,981	44,850
Milling expenses	224,781	222,510
Bullion marketing	3,693	4,730
Insurance	14,139	13,611
Admin. & gen. exp.	88,535	84,183
Working profit	408,836	478,360
Less: Depreciation	18,723	176,448
Tax reserve	66,043	49,045
Outside explor.	15,984	23,830
Investments w/o	6,000	6,437
Net profit	302,086	222,600
Less: Dividends	250,000	250,000
Surplus for year	52,086	*27,400
Add: Prev. surplus	45,985	73,385
Surplus forward	98,071	45,985
*Deficit.		
Earnings Per Share and Dividend Record:		
Earned	$0.06	$0.0445
Paid	0.05	0.05
No. of Shs. Outstand.	5,000,000	5,000,000

Working Capital

	1940	1939
Current assets*	1,860,320	1,796,589
Current liabilities	247,376	90,049
Working capital	1,612,944	1,706,540

*Including securities at cost; market value exceeded cost by over $1 million in 1939 and $500,000 in 1940.

Beattie Gold

Although taxes were more than double, Beattie Gold Mines profit of $723,220 or 15 cents a share in 1940 was highest in company history, comparing with $618,975 or 13 cents a share the preceding year.

Higher production was the chief reason for the improved showing, output of $2,754,916 being recovered from 629,920 tons of ore against $2,463,780 from 613,800 tons in 1939.

Development failed to replace completely ore mined last year, ore reserves of 4,243,520 tons averaging 0.136 oz. gold at the end of 1940 showing a reduction of 312,830 tons for the year. A new internal shaft was sunk 571 ft. below the 6th level during the year.

Following acquisition of Donchester Mines and completion of an agreement with Central Duparquet Mines (Dumico Mining Corp. successor), exploration of the porphyry belt which extends across the three properties for 15,000 ft. is planned. At the 5th level east, work has been disclosing values up to the Donchester boundary. A crosscut is now being extended to this area on the 6th leved.

Income and Surplus Account
Years Ended Dec. 31

	1940 $	1939 $
Bullion production	2,754,916	2,463,780
Less: Marketing	34,085	33,287
Net production	2,720,831	2,430,493
Less: Development	140,004	181,865
Mining	426,708	399,756
Milling	556,749	538,615
Roaster plant	82,576	88,477
Arsenic disposal	16,584	......
Gen. mine expense	147,430	129,739
Admin. & gen. exp.	28,044	34,629
Operating income	1,322,736	1,057,412
Add: Sundry revenue	7,434	2,735
Profit on shares	262	*1,682
Outside explor.	1,435	......
	1,331,867	1,058,465
Less: Depreciation	325,602	321,090
Prov. for taxes	276,465	100,237
Outside explor. w/o	......	18,163
Bad debts w/o	6,580	......
Net profit	723,220	618,975
Less: Dividends	866,277	720,397
Deficit for year	143,057	101,422
Less: Prev. surplus	865,984	967,406
Surplus forward	722,927	865,984
*Loss.		
Earnings Per Share and Dividend Record:		
Earned	$0.15	$0.13
Paid	0.18	0.15
No. of Shs. Outstand.	4,812,648	4,812,648

Working Capital

	1940	1939
Current assets	1,182,995	1,038,386
Current liabilities	365,997	204,241
Working capital	816,998	834,145

Berens River

Net profit of $367,264 or 18 cents a share was realized by Berens River Mines in 1940—its first full year of operation. This allowed the company to reduce an income note issue from $600,000 to $400,000 and increase working capital from $304,835 to $527,088. Since the end of the year, the company has retired a further $150,000 of the note issue.

Due to disappointing results in mining operations above the 250-ft. level, ore reserves show a sharp decrease at 110,000 tons above the 560-ft. level averaging 0.31 oz. gold and 16.4 silver per ton. In Sept., 1939, they had been estimated at 318,000 tons of "probable" ore averaging 0.31 oz. gold and 16.4 oz. silver.

Production was obtained from 82,446 tons milled in 1940. During the last year new levels have been established at 650, 800 and 950 ft. depth. Ore has been opened up on each of the new levels with the 118 ft. opened up on the 950-ft. level to Mar. 1, 1941, averaging 0.23 oz. gold and 11.6 oz. silver over 4 ft. with the face in ore.

Income and Surplus Account
Years Ended Dec. 31

	1940 $	†1939 $
Production	1,400,416	298,338
Less: Marketing	99,991	*
	1,300,425	298,338
Less: Oper. costs	616,101	159,507
General expenses	2,897	
Interest	361	
Oper. profit	681,066	138,831
Less: Depreciation	144,045	19,817
Prepaid develop.	91,181	10,368
Interest on notes	27,083	9,450
Taxes	51,493	......
Net profit	367,264	99,196
Add: Prev. surplus	99,196	......
Surplus forward	466,460	99,196
*Deducted elsewhere.		
†From Sept. 8 to Dec. 31, 1939.		
Earnings Per Share and Dividend Record:		
Earned	$0.18	$0.05
None paid.		
No. of Shs. Outstand.	2,000,000	2,000,000
Notes Oustanding	$400,000	$600,000

Working Capital

	1940	1939
Current assets	693,096	527,161
Current liabilities	166,008	304,835
Working capital	527,088	222,326

Normetal Mining

A sharp improvement took place in the working capital position of Normetal Mining Corp. in 1940, the company's annual report reveals. An excess of current liabilities over current assets of $235,507 at the end of 1939, was converted into $26,511 working capital at the end of 1940.

Operating profits in 1940 totalled $259,901 against $46,962 in 1939. Cost of shaft deepening was charged directly to operations last year. Besides operating profits, $97,282 was realized from sale of stock-piled zinc concentrates. Mining Corp. advances were retired, a $100,000 smelter advance was repaid, and a $575,000 bank loan was obtained last year.

Income and Deficit Account
Years Ended Dec. 31

	1940 $	1939 $
Production*	1,072,448	628,579
Less: Min. & develop.	514,904	321,704
Milling costs	178,204	159,321
Min. & gen. expense	62,945	56,550
Taxes	5,810	4,835
Interest	31,430	27,705
Head office expense	17,465	10,192
Legal fees	1,789	1,310
Net oper. profit	259,901	46,962
Less: Def. devel. w/o	165,150	166,588
Depreciation	105,219	50,598
Sundry w/o	1,820	1,527
Profits taxes	15,300	......
Loss for year	27,588	171,751
Add: Prev. deficit	541,316	369,185
Adjustment	......	380
Less: Adjustment	†97,282	......
Deficit forward	471,622	541,316

*After marketing expense. †Proceeds of accumulated zinc concentrates.

Working Capital

	1940	1939
Current assets	713,102	297,950
Current liabilities	686,591	533,457
Working capital	26,511	*235,507

*Excess of current liabilities over current assets.

Hudson Bay

Annual report of Hudson Bay Mining and Smelting Co. for 1940 reveals the following outstanding features of last year's operations:

Earnings of $2.16 a share compared with $1.90 a share for 1939 and the record 1937 figure of $2.72 a share.

Production of gold, silver and copper at the highest levels in history with zinc production also showing an increase.

Working capital up $250,000 at the end of 1940 at $10.85 millions, the highest mark since production was commenced in 1930.

Considerable extension of productive facilities with new construction not as heavy as in 1939.

Sinking of the new South Main shaft, full size, was completed to 2,500 ft. in 1940 and ore is now being hoisted from the 2,210-ft. level. The shaft has also been completed in a smaller size to the 3,000-ft. level. Driving on the various levels down to the 3,000-ft. horizon has been up to expectations, it is stated.

Income and Surplus Account*
Years Ended Dec. 31

	1940 $	1939 $
Metal sales	17,557,572	14,368,755
Cust. ore & misc. inc.		584,708
Metals in process	490,567	517,704
	18,048,139	15,471,167
Less: Prev. met. in process	517,704	655,339
	17,530,435	14,815,828
Less: Oper. costs	5,318,595	4,510,154
Refining, mktg., etc.	1,563,185	749,300
Exec. & legal fees	112,784	106,882
Tsf. fees & off. exp.	161,101	218,825
Directors' fees	2,079	1,326
Railroad freight	......	687,887
Res. for subs. advs.	25,000	25,000
Ocean freight	......	169,612
Taxes, other than income	72,570	......
Oper. profit	10,275,121	8,346,842
Less: Depreciation	939,349	875,613
Income taxes	2,000,000	930,000
Prepaid min. exp.	1,386,917	1,291,314
Net profit	5,948,855	5,249,915
Less: Dividends	5,515,946	4,826,453
Surplus for year	432,909	423,462
Add: Prev. surplus	6,727,615	6,304,153
Surplus forward	7,160,524	6,727,615
*Consolidated statement.		
Earnings Per Share and Dividend Record:		
Earned	$2.16	$1.90
Paid	2.00	1.75
No. of Shs. Oustand.	2,757,973	2,757,973

Working Capital

	1940	1939
Current assets	13,886,137	12,589,647
Current liabilities	3,035,459	2,001,189
Working capital	10,850,678	10,588,458

Raise Finds Ore At St. Anthony

The finding of ore at St. Anthony Gold Mines approximately 50 ft. above the 875-ft. level, at a lower horizon than anticipated, is expected to result in a substantial increase in ore reserves over those reported at the end of 1940, according to H. P Bellingham, president. He informed shareholders at the company's annual meeting this week that values and widths encountered compare favorably with those on the 750 ft. level.

Slashing to full vein width, and taking down backs in the north section of the 100-ft. level, has given widths up to 14 ft. and will average a stopping width of at least 10 ft. for a distance of 200 ft., it is stated. The average value over 5 ft. is reported at $23.18 uncut and $12.53 cut.

Maclean's
CANADA'S NATIONAL MAGAZINE

"War Effort" Programme

Our victory in this war depends on more than the ability of leaders and the quality of our fighting forces. It depends upon the people's will to win. That is all-important.

The will to win is there because the English-speaking peoples know the underlying evils they are fighting against. They know more about the causes and effects of this war than they knew about the war of 1914-1918. That is because they are better informed. They are well posted on backgrounds against which to place facts. They get the news from the daily newspapers. What lies *behind the headlines* is revealed to them by the magazine press.

* * * * * *

In Canada, Maclean's Magazine has kept its readers well-informed. They have been enabled to think things out. Their interest in the nation's war effort is an *informed* interest.

During the past year, France's position was explained to Maclean's readers by Pierre Lazareff, former editor of *Paris Soir*. Japan's moves were interpreted by Hallett Abend, long Far Eastern correspondent of the *New York Times*. From London, Douglas Reed (who, in "Insanity Fair" accurately forecast the whole trend of the war), Beverley Baxter, M.P., and James W. Drawbell, editor of the *London Sunday Chronicle*, have sent invaluable information.

On the home front, Maclean's has devoted scores of pages to the Canadian war effort. It has told the story of our fighting forces. It has explained in simple, understandable terms just how Canadians will pay for the war, what their individual contribution means. It has helped to publicize the Government's war loans, was savings certificates, war saving stamps, etc., and such non-governmental work as that of the Red Cross.

Firm in the belief that all that matters is the winning of the war, Maclean's editorially has not hesitated to criticize in cases where its information justified criticism. It has fought against waste and incompetency. It has revealed facts concerning subversive activities; aided the authorities.

For many years, Maclean's Magazine has sought to make Canadians Good Neighbors. Knowing full well that a national war effort can only reach its maximum through national unity, Maclean's has intensified its efforts to solidify that unity by educating and informing people in all sections of the country. For its appeal is national, not local. It reaches simultaneously men and women in every corner of the Dominion. It is used in the school-room, quoted from the pulpit, clipped by digests and commentators.

Independent, uncontrolled by any outside influence apart from that of public welfare, it is, in peace and war, an honest mirror for Canadian life.

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28 PUBLICATIONS
'Geared to "All Out" War Effort

Selects Golds Only for $25,000 Investment

Third Honorable Mention

Contest Winner's Choice

Selects These Stocks for $25,000 Investment

SEASONED GOLD MINING INVESTMENTS

No. of Shares	Mine:	Location	Price	Cost	Indicated Dividends	Annual Return	Indicated Yield	*Price Mar. 24, '41
			$	$	$	$	%	$
100	Bralorne	Br. Col.	10.25	1,025	1.20	120	11.70	10.25
200	Hollinger	Porcupine	13.00	2,600	1.10	220	8.46	12.87
500	Macassa	Kirk. Lake	4.10	2,050	0.35	175	8.54	3.85
800	San Antonio	Manitoba	2.55	2,040	0.20	160	7.84	2.35
900	Sylvanite	Kirk. Lake	2.80	2,520	0.25	225	8.93	2.68
300	Wright-Hargreaves	Kirk. Lake	6.80	2,040	0.77	231	11.4	6.00
				12,275		1,131	9.21	

COMPARATIVELY NEW GOLD MINING INVESTMENTS

No. of Shares	Mine:	Location	Price	Cost	Indicated Dividends	Annual Return	Indicated Yield	*Price Mar. 24, '41
2,500	Broulan	Porcupine	.98	2,450	.12	300	12.25	.90
2,000	Cochenour-Willans	West. Ont.	.90	1,800	.12	240	13.3	.82
2,000	Malartic Gold Fields	Quebec	1.10	2,200	.....	.....	.....	1.06
1,000	Perron	Quebec	1.60	1,600	.20	200	12.5	1.45
500	Pickle Crow	West. Ont.	2.90	1,450	.40	200	13.8	2.70
1,000	Preston East Dome	Porcupine	3.20	3,200	.25	250	8	3.15
				12,700		1,190	9.37	

Classification:	Investment	Estimated Dividends	Yield
Seasoned Golds	$12,275	$1,131	9.21%
Attractive Juniors	$12,700	$1,190	9.37%
Total	$24,975	$2,321	9.30%

*This column is included for convenience of readers to show the current position of the stocks listed, for comparison with prices at the time the portfolio was compiled.

This week The Financial Post presents the third of the honorable mention portfolios in its contest on "Investing in Canada's Mines." The entry is that of Frank G. Lawson, partner of Moss, Lawson & Co., and former president of the Toronto Stock Exchange.

As was the case with prize-winning entries and portfolios published here the last three weeks, opinions expressed are those of the writer and do not necessarily represent those of either The Financial Post or the contest judges.

By FRANK G. LAWSON

The cash resources of Canadians represented by bank deposits in Canada seem to indicate that large sums of money are available for investment. Undoubtedly much of the money is owned by businessmen who normally would keep their money working, but now, because of many uncertainties, prefer cash to securities.

Fear of inflation would likely cause freer flow of money and larger volume of security transactions than obtains today on our stock exchanges. The contrary is the case and we suggest that the cause is fear of deflation as the full portent of the excess profits tax, processing tax, peg prices on commodities, fixing of rents and other government controls are realized.

The increase in currency in circulation over two years ago and the tremendous volume of current spending for war materials and wages are more than offset by the controls set up by the Government to prevent what officials think would be inflation. Evidence that the controls had gone too far was noticed in the near failure of the second war loan. The need for further borrowings in the current year should furnish additional evidence as to the good or bad effects of the Government's deflationary policies.

We assume that this businessman has probably had $25,000 available for investment for some months and now, because he sees the one ray of sunshine in government taxation policy as favorably affecting the mining industry, he decides to invest.

High Yield May Help

The businessman would probably be in the fairly high tax brackets. Therefore, if high yielding securities can be found to help pay the taxes, all the better.

In mining we have both high-yielding securities and possibilities for capital appreciation. Compared with other classes of industry mining is particularly favored because of the desire of the Government to secure maximum mineral production for its war effort, and also because of the necessity to secure the export of minerals to provide foreign exchange.

Industry in general suffers from the heavy burden of the excess profits tax and this makes earnings from industrial companies, available for dividends, of a very uncertain nature. On the other hand, mining companies have been given a depletion rate of 33-1/3% of operating profit, this amount being deductible before income and excess profits taxes. Stockholders are also allowed a depletion deduction of 20% on dividends received from mining companies.

Thus the investor in mining stocks invests in an industry that is encouraged by the Government to maintain earnings and even increase them, and a 20% allowance on the dividends received is quite substantial. That the Government also benefits by increased income taxes both from companies and individuals is self-evident.

Three-year Exemption

As proof of the Government's need for more and more gold, the Minister of Finance has exempted new mines from income tax for a period of three years after the establishment of commercial production. This provides an argument for including new mines of merit in any suggested list of investments, because a company that is enabled to build up working capital during the first three years of production has a better chance to withstand unforeseen difficulties in its further development.

There is a provision for gold mines in the Excess Profits Tax Act which increases profits as a result of increasing production. This provision is to be made effective by adjusting the standard profit (average 1936-1939) on a "volume of production basis" rather than a "capital basis" as in the case of industrial companies. But even more important than this provision are the clauses in the War Exchange Conservation Act which give the Minister of Finance power "to grant assistance by way of special tax credits and/or special allowances for depreciation or depletion," if by so doing increased amount of exports can be realized to provide foreign exchange.

We suggest that each mining company will make application to the Minister of Finance to cover its problem of increasing production and handling low-grade ore. If special depletion allowances are granted, there is more certainty as to the ability of mining companies to maintain earnings and in some cases to increase them. Most certainly the average mine will, with the assistance of depletion allowances, be able to mine more low-grade ore and thus lengthen its life.

Buys Golds Only

Because an ounce of gold produced in Canada is worth $38.50 to the producer, and because gold mining benefits by every phase of the taxation relief mentioned, selection is made of gold stocks only for the investment of this $25,000.

We have divided the proposed investment of $25,000 into two parts—one of which we will call "Seasoned Gold Mining Investments" and the other "Comparatively New Gold Mining Investments."

The first list comprises companies whose record of dividends extends back for seven years or more and are what may be called "Insurance Company Investments," because among other things a stock must have at least a seven years' record of dividends before an insurance company may invest in it.

The second list comprises companies that are potentially in the early development stage, in most cases have recently commenced paying dividends, and from which some capital appreciation may reasonably be expected.

Care has been taken to spread the risk and thus guard against large losses that might result from bad management or temporary misfortunes in any one mine. This carefully selected list may provide one or two outstanding winners because quite often good management will also strike some good luck in the development of new ore bodies of exceptional value or size. In every instance the recovery per ton is quite high and no unusual metallurgical problems are involved in milling the ore.

Also this investment covers more than one mining district. For instance, Porcupine mines call for $8,250, Kirkland Lake mines $6,610, Quebec mines $3,800 and other districts $6,315.

Sell at 7% Yield

Before purchasing, the annual report of each company should be read. If one has confidence in management, comparative study should be made of milling capacity, grade of ore, operating costs, recovery, programme of development, reserves of ore, capitalization, and likely earnings per share. After the securities are purchased, careful watch must be kept of current operations of each company. In most cases monthly reports are issued. Should price recessions of stock occur and the factual news be unsatisfactory, as a general rule the stock should be sold and reinvested in another company of merit. If a stock advances to the point where the current market price gives a yield of less than 7%, unless the prospects for higher earnings and dividends are in sight, the stock should be sold and reinvested in another company after careful study.

Money received should be treated as part income and part return of principal. It is suggested that 5% should be the dividing line. As a final word, it is suggested that gold mining stocks are at present attractively priced, especially because the general investing public does not yet realize the favorable long term aspects of the taxation relief granted the mining industry.

The investor in mining stocks has this in his favor: Orders to buy or sell are usually executed within a close price range, because mining companies have large capitalizations in regard to number of shares issued and large volume of trading is usually necessary to make any material change in prices.

Seasoned Gold Mining Investments

Bralorne, in British Columbia, mined 184,922 tons of ore in last fiscal year, grade was $21.97, costs were $6.55, and reserves shown were 710,000 tons or about four years' supply. Record of management excellent and dividends have been gradually increased since 1934, present balance sheet very favorable. Has good future with possibilities of finding profitable outside investments to enhance value of stock.

Hollinger has a record of earnings and dividends for 29 years. For a number of years the yearly number of tons of ore milled has been about 1,700,000 and yet at the end of 1939 the reserve shown was 7,458,739 tons, slightly higher than in 1925. The life of Hollinger will be many years more, the only uncertainty is "how very many." Hollinger has important holdings in other mining companies and is aggressively looking for new properties. Everything about Hollinger indicates efficient management. Nothing spectacular in the way of price advance or decline of the shares should be expected, but the present rate of dividends should be easily maintained and the yield at present price of $13 per share is 8.46%.

Macassa, in Kirkland Lake area, operates under high class management. Milled 150,674 tons of ore in 1940, grade $17.60, costs about $6.71. Reserves at end of 1939 were at 378,580 tons of $18 ore, or about 2½ years' ore supply. Development puts new ore in sight as fast as milled and company has large interest in adjoining property which may prove profitable.

San Antonio in Manitoba has developed very large bodies of profitable ore. Last fiscal year milled 117,787 tons of ore of $10.59 grade, costs were $4.76 per ton. Reserves were shown as 491,486 tons and during past year development has achieved best results to date. Commenced paying dividends in 1934 and future is particularly bright as milling capacity increases. If this mine were in Ontario, stock would receive a great deal more attention from investors.

Sylvanite is in Kirkland Lake, and while company does not publish reserves, the operation during past 10 years has shown good management, with a steadily improving position. Grade of ore is $12.54 and costs per ton in last fiscal year were $7.21. Property is very large and a great deal of development is still to be done. Owns two subsidiary properties, Delnite and Tyranite, the first of which paid its first dividend to Sylvanite in 1940, amounting to $59,097. The yield at 9.50% is high for this type of company.

Wright Hargreaves, in Kirkland Lake, is included because of the conservative management of the property, good engineering practice and large reserves of ore shown. In last fiscal year reported 443,930 tons of ore were milled, grade was $19.66, costs were $10.23 per ton. Reserves shown were 1,431,464 tons of ore of $20 grade or three years' supply. Property apparently has long life ahead and current dividend at 77½c. gives a high yield (11.44%) for this type of investment.

Comparatively New Gold Mining Investments

Broulan commenced production in a rented mill in the fall of 1939 and will be exempt from income taxes until June 1, 1943. In 12 months of operation in 1940 the company produced over $1,100,000 of gold and the net earnings were over $500,000 or close to 20c. per share. The millhead recovery was approximately $10.13 and costs per ton $4.52. Profits paid for a new mill now in operation, which will cut costs to below $3.50 per ton, and allowed for the payment of two dividends (September and December) of three cents each. Ore has been developed to cover milling operations at present rate for at least five years. Earnings also provided money for investment in adjoining property (Bonetal) which will be operated under same management. Present price of stock gives over 12% yield on indicated dividends of 12 cents per share. Possibilities for enhancement of principal exist as further development of own and adjoining property proceeds.

Cochenour-Willans is located near Red Lake in western Ontario. Ore has been put in sight rapidly since initial production a year ago. Will be exempt from income tax until May 31, 1943. Grade of ore is $15.83 and operating costs per ton $6.71. Expert opinion states that there is three years' supply above second level. The mine has extensive zones that are strongly indicated as geologically potential. Recently acquired optional control of neighboring acreage which gives added speculative interest. Started dividends in Dec., 1940, and quarterly payments seem warranted by current operating rates.

Malartic Gold Fields is not yet a dividend payer, but may soon be. It is exempt from income tax until June 16, 1943. Mill has recently been increased to 750 tons and ore reserves are very large. This mine has large potentialities because very large ore bodies are being developed. Grade of ore is almost $8 per ton and operating costs about $3.73. Company has high-class management and engineering direction. Present price of stock very reasonable in view of speculative possibilities added to sound investment merits. Estimate earnings 1940—15 to 20c. per share.

Pickle Crow, in Patricia district, is a very profitable mining operation. Grade of ore in last fiscal year was $21.94 and operating costs per ton $6.91. Earnings are substantially over 40c. dividend per share and ore in sight is in excess of three years' supply. Recent advice of new ore structures are of pronounced significance to future life of the mine. This company enjoys good management. Present yield is unusually high for this stock, about 13.8%.

Perron is located in Quebec area near Malartics and has sound investment merit. Ore recovery during 1940 was $13.36 per ton and costs were just half. Lower levels of mine have produced improvement in grade of ore. Has paid dividends for three years and puts ore in sight faster than the ore is milled. May not have spectacular future, but will give good results to investor, especially at present prices of stock, yielding 12½%.

Preston East Dome is in Porcupine and we suggest a larger amount should be invested in this mine because of outstanding recent developments. Initial dividend was paid in Jan., 1940, after $700,000 of bonds had been paid off before maturity. Mine is in growing stage and spectacular developments may await shareholders because of high-grade ore reported being opened on lower levels. Grade during first nine months of 1940 ran $13.13 and costs were $4.09. Net profit for 1940 will be shown close to $1,450,000 or 46c. per share. Is free from income taxes until Sept. 1, 1942. Estimated dividend rate of 25c is probably low.

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Mining Concentrates

Ashley Gold Mining Corp. increased its shareholdings in Jerome Gold Mines from 259,563 to 303,030 shares during 1940 and, since the end of the year, holdings have been further increased to 370,562 shares by exercising balance of the company's options. No other interests were taken last year. Total income was $10,324, with a profit of $5,837 after all expenses. Balance sheet as at Dec. 31, 1940, showed $241 cash, $29 accounts receivable and $136,478 of investments with market value of $63,604. Jerome shares were carried at cost of $58,218. Current liabilities were $134. All the company's 3 million authorized shares are outstanding.

* * *

Arntfield Gold Mines will establish the first of three new levels at the 625-ft. horizon of No. 2 shaft around the end of this month, it is stated. Sinking is to be continued to 1,000 ft. depth. Diamond drilling has given several interesting ore intersections recently.

* * *

Bobjo Mines has been asked to withhold details of its new magnesium development, shareholders were informed at the company's annual meeting held last week. It is stated that a small amount of magnesium is being produced and that a larger pilot plant is being installed.

* * *

Cochenour Willans Gold Mines has declared a dividend of 3 cents a share, payable Apr. 25, 1940, to shareholders of record Apr. 10. An initial dividend of 3 cents a share was paid on Nov. 15, 1941.

* * *

Delnite Mines has declared an interim dividend of 3 cents a share payable April 30, 1941, to shareholders of record April 5.

* * *

Camlaren Mines confined its activities to sale of equipment and stores in 1940 in an effort to reduce liabilities. Current assets at Dec. 31, 1940, totalled $21,566 against current liabilities of $83,869 which included advances from Mining Corp. of Canada amounting to $83,669. Certain items of equipment for which there was no market in the Yellowknife area were shipped out last year. Fuel oil storage and transportation tanks became unsaleable due to installation of a hydro-electric power plant in the area. Annual meeting will be held April 7 at the Royal York Hotel, Toronto.

* * *

Gold Frontier Mines has discovered a new ore body on the second level east of the shaft. Information received is to the effect that a quartz vein is showing with drift width. Drifting east on this level had previously shown a length of 60 ft. averaging $41.58 over a width of 7 ft. Conditions ahead of the drift are decidedly good and rapid development is anticipated. A raise going up in the east ore body above the first level has averaged $29.80 for the first 30 ft. above the level.

* * *

Howey Gold Mines has declared a dividend of 2 cents a share payable May 1 to shareholders of record March 31. In 1940 2 cents a share was paid in July and 3 cents in December.

* * *

Nabco Manganese Mining Co. has advanced its adit tunnel over 240 ft. toward the company's No. 1 vein and is now nearing its objective, according to Sidney Bolitho, the company's manager. An average of 8 ft. of progress a day is being made using two shifts. The company's property is located at Gowland Mountain in New Brunswick.

* * *

Negus Mines showed a decrease in production in February with output amounting to $57,157 compared with 66,519 in January and $70,493 in February, 1940.

* * *

Sullivan Consolidated ore reserves showed sharp increase to 407,000 tons on Mar. 31, 1941.

* * *

Unity Porcupine Mines is continuing diamond drill exploration with two machines operating three shifts daily. A total of over 3,800 ft. of drilling has so far been completed. A feature of work so far has been disclosure of a band of granodiorite formation 600 ft. wide. Through its stock holdings in five companies, Unity Porcupine controls over 3,000 acres in the Porcupine area. Geological and engineering services are being supplied by the staff of Naybob Gold Mines. Funds for the effort have so far been subscribed privately.

Mining Company Reports

Bidgood Kirkland

While development results at Bidgood Kirkland Gold Mines in 1940 were disappointing, directors are somewhat encouraged by developments on the 1,025-ft. level, states President W. J. Lawson in the company's annual report.

With production dropping from $483,520 to $404,546, a net loss of $129,297 was experienced last year against $37,292 loss for 1939.

Working capital was down at $76,027 against $97,810. A total of 200,000 shares were sold for $35,000 in 1940 to finance development work.

As the 1,012E drift at the 1,025-ft. level reached the drill intersection only recently, it is not yet known if this vein is a faulted section of the No. 12 vein or not, Mr. Lawson states. All known payable ore above the 775-ft. level has been exhausted, but ore shoots have been partially developed on the 875 sub-level and the 1,025-ft. level.

Income and Deficit Account
Years Ended Dec. 31

	1940	1939
	$	$
Bullion sales	404,546	483,520
Add: Sundry revenue	8,315	7,741
Total income	412,861	491,261
Less: Development	175,159	116,136
Mining	197,207	231,335
Milling	70,127	78,490
Admin. & gen. exp.	32,050	33,355
Head Off. exps.	11,252	10,494
Taxes	625	638
Interest	1,304	......
Net earnings	*74,863	20,813
Less: Develop. w/o	26,450	30,745
Depreciation	27,984	27,360
Net loss	129,297	37,292
Less: Prev. deficit	352,982	317,151
Add: Adjusts.	......	1,461
Deficit forward	482,279	352,982
*Loss.		
No. of Shs. Outstand.	3,706,715	3,506,715
Working Capital		
Current assets	106,316	130,683
Current liabilities	30,289	32,873
Working capital	76,027	97,810

Mining Corp.

A considerable improvement took place in the position of Mining Corp. of Canada in 1940. Dividend income increased from $142,652 to $179,899, operating profits were higher at $84,386 against $58,686, and net profit was $84,386 or 2.55 cents a share against $17,662 or one cent a share for 1939.

Partly as a result of profits realized, and partly due to repayment of advances by subsidiaries and associated companies, working capital showed an improvement of over $500,000 last year with net current assets of $445,758 at the end of the year against a $62,874 excess of current liabilities over current assets for 1939.

A decision has been made to put a 500-ton mill on the property of Jerome Gold Mines, where 600,000 tons of 0.189 oz. ore has been placed in sight. Mining Corp. held 1,308,525 Jerome shares at the end of 1940 and this has since been increased to 1,646,186 shares. Through Ashley Gold Mining Corp. a further 370,562 Jerome shares are controlled. Shareholdings include 81,287 shares of Hudson Bay Mining and Smelting Co., 112,500 shares of Kerr-Addison Gold Mines and 2,486,665 shares of Normetal Mining Corp. These holdings are unchanged from 1939.

Income and Surplus Account
Years Ended Dec. 31

	1940	1939
	$	$
Investment income	179,899	142,652
Profit on invests.	25,940	51,317
Interest	24,641	18,902
Sundry revenue	275	138
Assoc. cos. fees	27,400	21,795
Total income	258,155	234,804
Less: Admin. & gen. expense	46,210	49,927
Exec. salaries	40,100	40,100
Directors' fees	7,000	6,987
Legal fees	201	908
Taxes	1,703	327
Exploration	23,784	36,643
Claims, options, etc., w/o	54,771	41,226
Total net revenue	84,386	58,686
Less: Advances w/o	38,214	39,745
Depreciation	1,309	1,247
Sundry w/o	......	32
Net profit	44,863	17,662
Add: Prev. surplus	921,901	835,491
Profit on assets w/o	67	68,748
Less: Adjustment	1,038	......
Surplus forward	966,831	921,901
Earnings Per Share and Dividend Record:		
Earned	$0.0255	$0.01
None paid.		
No. of Shs. Outstand.	1,754,006	1,754,006
Working Capital		
Current assets	473,350	188,031
Current liabilities	27,592	250,905
Working capital	445,758	*62,874

*Excess of current liabilities over current assets.

Base Metals

With milling recommenced on Jan. 15, 1940, operating profits totalling $164,393 were realized by Base Metals Mining Corp. in 1940 with net profit of $6,094 after all charges.

The operating profits realized allowed a substantial improvement in working capital position with net current assets of $21,562 at the end of 1940 against $146,493 excess of current liabilities over current assets a year before. Mining Corp. advances were retired and a $90,000 bank loan was obtained during the year.

During 1940 the major part of ore came from the East Monarch mine. The "200" ore body was mined out completely and the "150" ore body was mined out with the exception of low-grade remnants and pillars. Some low grade in the West Monarch mine was found profitable and this section was re-equipped for production. There was still some tonnage remaining at the end of the year.

Production from the Kicking Horse mine was started in February. Future work will depend on metal prices and results of present work, it is stated.

Income and Deficit Account
Years Ended Dec. 31

	1940	1939
	$	$
Product'n, less mktg.	442,125	218,942
Misc. income	*	3,546
	442,125	222,488
Less: Mining & milling	243,895	169,044
Admin. expense	28,227	10,591
Taxes	5,610	3,647
Net earnings	164,393	39,206
Less: Interest	8,212	......
Deferred develop.	77,714	12,694
Depreciation	69,535	33,875
Res. for conting.	......	559
Inc. & e.p. taxes	2,838	*200
Net profit	6,094	†8,122
Less: Prev. deficit	120,949	112,827
Deficit forward	114,855	120,949

*Included in production in 1940.
†Loss. *Other taxes.

Working Capital

	1940	1939
Current assets	141,290	6,621
Current liabilities	119,728	153,114
Working capital	21,562	*146,493

*Excess of current liabilities over current assets.

Chesterville Larder

Highlights of the annual report of Chesterville Larder Lake Gold Mining Co. for the year ended Dec. 15, 1940, are as follows:

Net profit of $319,968, equal to 18.7 cents a share compared with 4.5 cents a share the previous six months of operation.

Wiping out of bank indebtedness. Working capital was $42,490 on Dec. 15, 1941, against an excess of current liabilities over current assets of $224,728 a year before.

Ore reserves of 851,198 tons of 0.154 oz. grade plus 120,260 tons of possible 0.113 oz. ore as of Dec. 15, against 871,707 tons of 0.166 oz. ore the year before. A decision to devote immediate earnings to dividends rather than expansion.

To increase profit last year, production was raised to $1,258,946 from 219,109 tons of ore against $448,462 from 89,174 tons the previous six months.

Diamond drilling carried out below the bottom or 550-ft. level indicates a lessened importance of "A" ore body and increased importance of the north ore zones, according to L. J. Kearns, president. With installation of a new hoist, sinking the shaft to 1,175 ft. will be started this winter, for opening up five new levels.

Income and Surplus Account
Years Ended Dec. 15

	1940	†1939
	$	$
Bullion production	1,258,946	448,462
Less: Development	141,993	60,296
Mining	121,998	46,747
Milling	183,566	82,507
Gen. mine expense	171,329	63,508
Mine & H.O. admin.	60,014	33,153
Bullion marketing	15,106	......
Int. & exchange	5,268	6,859
Operating profit	559,672	155,392
Add: Non-oper. inc.	3,366	1,010
Net earnings	563,038	156,402
Less: Depreciation	117,100	49,317
Development w/o	60,968	29,149
Taxes	65,000	1,900
Net profit	319,968	76,036
Less: Dividends	86,778	......
Surplus for year	233,190	76,036
Add: Prev. surplus	27,301	......
Tax adjustment	1,013	......
Less: Optionees*	......	44,135
Exps. re claims	......	1,685
Org. expenses w/o	......	2,185
Com. on shares	......	730
Surplus forward	261,504	27,301

*Refinancing. †For six months.

	1940	†1939
Earnings Per Share and Dividend Record:		
Earned	$0.187	$0.045
Paid	0.05	nil
No. of Shs. Outstand.	1,708,459	1,698,459
Working Capital		
Current assets	161,241	75,322
Current liabilities	118,751	300,050

Northern Empire

While production and operating profits from its Beardmore mine moved lower in 1940, Northern Empire Mines Co. received $173,000 from its holdings of 1.73 million shares in Magnet Consolidated Mines last year which aided the company materially. Including Magnet dividends, earnings were 42 cents a share as against 54 cents the preceding year.

"It is planned to drift an additional 500 ft. (on the bottom level) but it is suggested we have come to the bottom of our mine," says President Fred Searls, Jr. A total of 180 ft. of drifting has already been completed on this bottom level on the projected downward extension of the Empire vein on unpayable material. Lower values had been indicated on the 1,900 and 2,075-ft. levels.

Production was obtained from 61,691 tons of ore in 1940 against 67,914 in 1939.

The company's Magnet holdings now appear the company's principal asset, it is stated.

Income and Surplus Account
Years Ended Dec. 31

	1940	1939
	$	$
Bullion sales	672,427	928,617
Less: Marketing	7,701	11,282
Net production	664,726	917,335
Less: Oper. expenses	577,536	566,656
Gen. & admin. exp.	3,479	23,489
Oper. income	83,711	327,190
Add: Inc. from cust. mill	22,685	12,435
Misc. dividends	3,178	*19,016
Magnet dividends	173,000	......
Interest accrued	3,866	......
Securities' profit	8,186	23,382
Profit on exchange	7,513	......
Total net earnings	302,139	382,023
Less: Devel. w/o	10,309	13,889
Depreciation	76,509	94,058
Depletion	22,190	29,904
Taxes	24,295	27,266
Net profit	168,836	216,906
Less: Dividends	200,000	300,000
Deficit for year	31,164	83,094
Less: Prev. surplus	242,301	325,203
Tax adjusts.	1,220	192
Surplus forward	212,357	242,301

*Includes interest.

	1940	1939
Earnings per Share and Dividend Record:		
Earned	$0.42	$0.54
Paid	0.50	0.75
No. of Shs. Outstand.	400,000	400,000
Working Capital		
Current assets	643,584	589,153
Current liabilities	63,749	56,243
Working capital	579,835	532,910

The Red Lake area is covered by a new geological map issued by the Ontario Department of Mines. It is stated to be the largest detailed outcrop map ever issued by the Department and is on a scale of one inch to a half mile. Altogether the field is covered by three maps. Field work for the new maps was carried out over a period of three years. In addition to roads, trails, portages, power lines, buildings, and areas of muskeg and swamp, the maps show all surveyed claims and all mining properties and claim groups.

Sturgeon River Gold Mines has declared a dividend of 4 cents a share, payable Apr. 30, 1941, to shareholders of record Apr. 15. A dividend of 2 cents a share was paid on Apr. 30, 1940.

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THE
SALVATION
ARMY

THE SALVATION
ARMY

To steel our souls against the lust of ease;
To find our welfare in the general good;
To hold together, merging all degrees
In one wide brotherhood.

To teach that he who saves himself is lost;
To bear in silence though our hearts may bleed;
To spend ourselves, and never count the cost,
For others' greater need.

Sir Owen Seaman
from the pages of Punch

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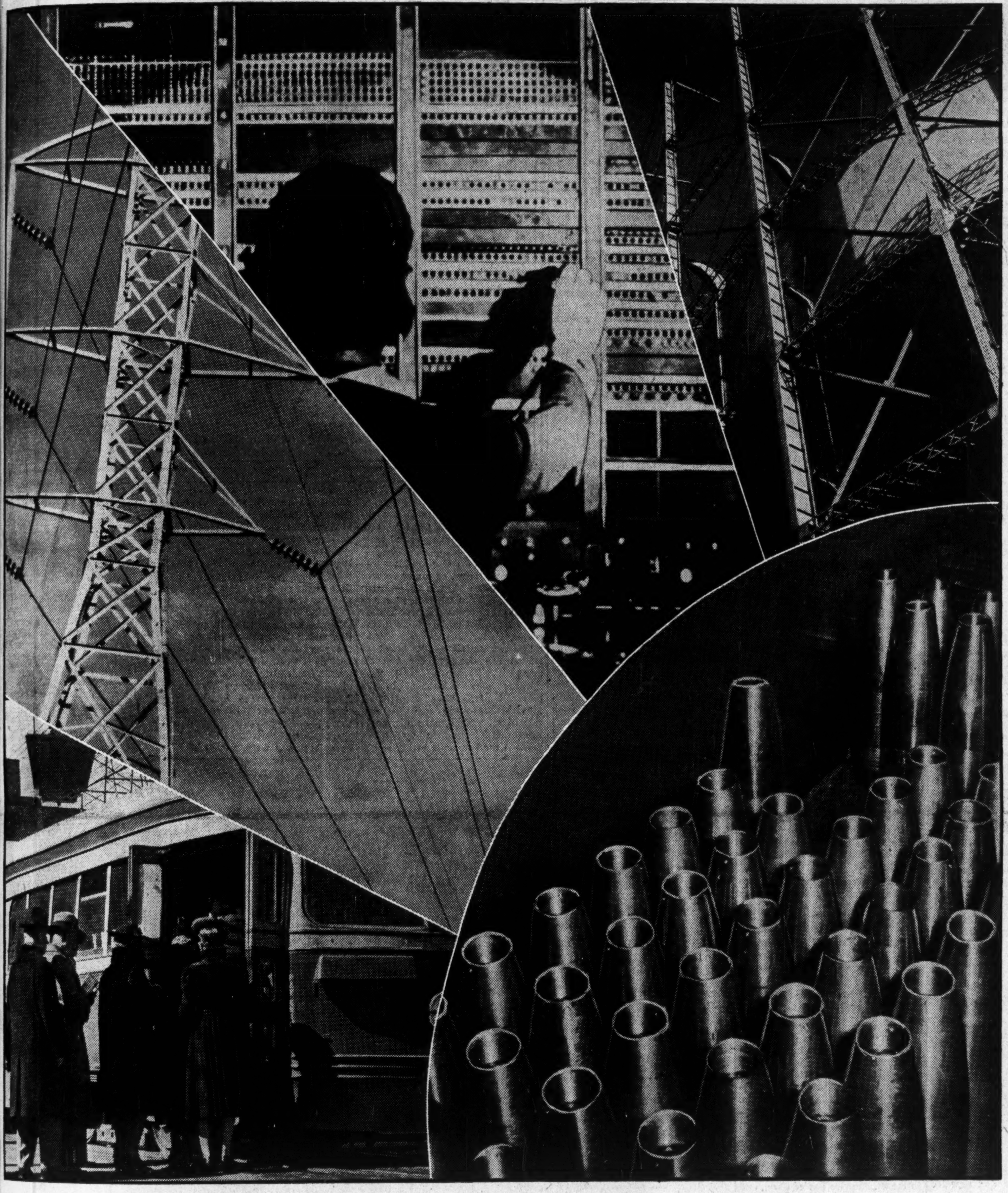
Largest Circulation of All Canadian Financial Papers
Vol. XXXV Member of Audit Bureau of Circulations PUBLICATION OFFICE: TORONTO, MARCH 29, 1941 10c a Copy: $5.00 a Year No. 13

Utilities Vital Cog in Canada's War Machine



Electricity, Gas and Communications — Indispensable Components of Shells and Victory.

Speeding the Wheels of Industry

When the history of this war is written, it will be clear that one of the great contributions to the national war effort was made by the Canadian public utilities.

To a public accustomed to thinking of the war effort in terms of men under arms, guns, aircraft, motorized equipment, camps, ships and other outward signs of war, there may seem little connection between these items and the utilities.

Electric power makes possible the vitally important supply of Canadian aluminum. It enables our mines to turn out hundreds of millions of pounds of copper, lead, zinc and other required metals.

Power, too, is needed for the plants and factories making munitions, guns, aircraft, ships, uniforms, motorized equipment and the thousand and one things required in modern warfare.

Gas also plays its part in the national emergency. From the giant coke ovens established to manufacture gas come many chemicals — ammonia, benzol and toluol — without which the Dominion's war effort would be seriously weakened.

Vital too is our modern communication system. Constant and unfailing telephone and telegraph facilities are imperative in the smooth running of industry, maintaining contact between all branches of the armed services and between this country and the United Kingdom.

Even the tramways systems—last but not least among the Big Four utilities—have a place in war. The speedy transportation of workers between their homes and the factory helps to make possible the war material flow.

To be ready for even greater service in the future, utility companies have scheduled large capital expenditures for this year, all co-ordinated with Canada's war effort.

Bell Telephone of Canada plans to spend $15 millions on projects directly or indirectly connected with the war effort. Similar construction programmes are laid out by other telephone enterprises.

Several major power transmission projects in Quebec are linked with the war effort. So are the new power plant construction projects: West Kootenay Power, Beauharnois Light, Ontario Hydro, Nova Scotia Government, etc.

Several large additions to gas plants last year are deemed adequate for the immediate future.

The utilities play a big role in the national emergency.

Conflict Makes Heavy Demands and Imposes Many Big Problems

By JOHN E. LANGDON
Eastern Editor, The Financial Post

In the course of the last 18 war months demands made upon all types of utilities have been extraordinarily heavy. Yet they have never faltered; have been able to meet every emergency.

The ability of the operators not only to cope with normal growth in service, but also the abnormal needs arising directly out of the war, is evidence of the basic soundness of past policies.

Normally the growth in services is anticipated by the utilities. They cannot wait until demand arises; they must build in anticipation. When the war came the utilities were prepared.

Particularly notable has been the service provided by the communications and power divisions of the utility industry. Nearly all the major telephone systems report more stations in service now than at any time in their history.

The number of long-distance calls handled by the Trans-Canada system in 1940 was approximately 36% greater than in the previous year. Additional circuits have had to be installed and the system is again ready to take care of further increase in traffic.

Demands Heavy

Demands upon the power companies have been unusually heavy. Last year firm power consumption at 23.1 billion kilowatt hours was 16.4% greater than in 1939, an abnormally high increase.

There has been no let-up in power requirements, the gain in January, 1941, being nearly 17% greater than for the same month last year.

It was this rapid gain, especially in industrial Ontario and Quebec, that brought the St. Lawrence Seaway again into the picture. For a time after outbreak of war, the project was shelved for "the duration." Now it is again before the Government of the United States and Canada. Major argument for its reappearance at this time is that much of the 1.6 million horsepower to be developed for Canadian account will be available for war production, part immediately and vastly more if the present conflict proves a long one.

Over many years the utilities have prided themselves on the stability of their operations and earning power. Prior to the last depression it was a common belief that utilities were "depression" proof. That theory was refuted in 1932 and 1933.

This high degree of stability was a valuable asset in days of peace. In times of war it is another story. Utility services are provided at set rates; usually set or approved by a government regulatory body. In peacetime an increase in business is automatically accompanied by an increase in profits.

War brings a rise in costs for the utilities. Rates remain stationary. As a result the gains in operations and in turn revenues are not always reflected in profits.

This has been only too apparent in returns of the major utility companies over the past year. Higher operating revenues have been the rule; profits, on the contrary, have been lower.

Different This Time

While it has been recognized since September of 1939 that the profit making opportunities of the last war would not be permitted, still some other major industries have been able to retain a portion of the increased revenue after payment of all charges, including taxes.

The decline in utility profits has been due to taxes. The latter has become an acute problem for the utility companies. While it cannot be said that since the war started the utilities have been discriminated against, still the additional imposts have hit them a heavy blow. In particular the Excess Profits Tax has worked havoc with the income accounts of nearly all utilities. Their past record of stability of earnings made them particularly vulnerable to taxation of this type.

Look at the tax bill of some of the more representative utility companies and its effect upon their capital stock earnings.

	Taxes Paid—$		Share Profits—$	
	1940	1939	1940	1939
Traction				
Ottawa Electric Railway	190,000	32,200	2.96	3.54
Cmmunication				
Bell Tel.	5,445,000	3,103,500	8.15	8.05
B. C. Tel.	627,070	417,638	7.32	8.67
N. B. Tel.	118,629	53,694	0.52	0.51
Power				
Can. Nor. Pr....	693,076	543,890	0.97	1.89
Montreal Power	5,925,737	3,824,186	1.77	2.01
Ottawa Power .	273,051	218,603	0.65	1.07
Quebec Power .	488,834	344,404	0.95	1.13
Shawinigan	2,380,799	1,465,832	0.95	1.06

It will be seen from the foregoing table that any gains in gross revenues—and in some cases they have been substantial—have been wiped out. Even the ability to pay the usual dividend has been affected in one or two instances.

Utility companies are not "kicking" at the increased taxes necessitated by the war. In their annual report to shareholders, presidents of a number of companies have pointed out the seriousness of the tax situation, but in not one instance did they complain about paying taxes to help pay the cost of war.

The problem confronting the utilities is how they can maintain services at the same high standard and still meet additional taxes.

Equitable distribution of taxation is an idex of good government. In the field of utility taxation, publicly-owned systems are favored at the expense of privately-owned utilities and their customers.

At this time, when all resources of the country are being mobilized toward one end—successful prosecution of the war — tax exemption is a subject of major importance.

In 1938 the last year for which complete returns are available, privately-owned electric utilities had a revenue of $87.6 millions and paid in taxes $9.5 millions. In the same year publicly-owned electric utilities had an income of $56.6 millions and paid $846,648 in taxes.

Revenue Source

At a time when the Dominion needs all the money it can collect to defray the costs of war, several millions of dollars could be collected from the publicly-owned utilities systems if they paid the same rate of taxation as the privately-owned companies.

Looking at the matter realistically, however, it is questionable if the Dominion Government will take steps to equalize taxes. No great imagination is required to picture what would happen, for instance, if the Dominion insisted on Ontario Hydro paying an income tax or excess profits tax.

This discrimination in taxation affects privately-owned utilities in another way. Ordinarily a fair proportion of income is plowed back into property account in the form of additional productive and distribution facilities.

Such work must necessarily be limited by the privately-owned companies under the present scale of taxation: the publicly-owned systems are not affected.

Canada's utilities are mighty armament for the nation.

Quebec Power Firms Aid War Effort

Utilities Making Possible Flood of War Supplies

Canada's industrial war effort has been made possible largely by the power industry. Certainly the scale of the effort would not be nearly so great were it not for the fact that the power industry was ready when the call was made for several hundred thousand horse power of electrical energy to meet the needs of war industries.

The power industry has always boasted of the fact that it has built in anticipation of requirements. Admittedly, the industry had overbuilt during the depression years, but this was something which could not have been foreseen. With the pick-up in business from 1935 onward, this surplus capacity was gradually absorbed. On the outbreak of war, however, there was still a relatively large supply of available power.

This surplus supply of power was concentrated in Quebec Province. As a consequence, many of the specially created war industries have located in Quebec. Even before the war commenced, there was a demand for electrical energy to meet the needs of plants especially equipped to produce war materials or supplies. For example, the vast aluminum works at Arvida were expanded at a cost of several millions of dollars. As this is an electrochemical project, power requirements were particularly heavy.

Prepared for War

This is only one of many instances where the power industry had forewarning of the demands that would likely arise in the event the country went to war. In anticipation of this development, the power industry made certain preparations, speeded up the works of new plants, so that when war was declared, Canada, and particularly Quebec, was well prepared to meet the power needs of the war industry.

What this demand has meant to the Quebec power companies is set out in a special survey of the Public Service Board. 1940 primary energy sold in the province totalled 7,480 million kw.h. This contrasted with 5,799 million kw.h. the year before, an advance of 25%.

This was an extraordinary increase; the gain itself was equal to the total annual power requirements of the two largest cities in Canada, namely, Montreal and Toronto.

Power Where Needed

Immediate problem confronting the Quebec power utilities was how to make available surplus power at the point where it was needed. It speaks well of the high technical efficiency of the industry that this problem was successfully overcome.

It involved construction of new transmission lines; replacement of power in one area with power from another section; elimination of secondary power sales; certain plant improvements; and the rush to completion of new plants. All this was done and the demands of war industries met in full, without any disturbance to supply or rationing of energy to the regular industrial, commercial and domestic users.

Aluminum Power

The war impact on the Quebec power industry was first felt in the Saguenay area, supplied by Saguenay Power Co., and the Aluminum Power Co., both of which are controlled by the Aluminum Co. of Canada. When the aluminum works of Arvida were doubled in capacity and then again enlarged, the question of power was of paramount importance, for without it, it was useless to install additional productive facilities. Power is a raw material in the manufacture of aluminum. Vast quantities are needed. When the war emergency arose, the need for the aluminum plant had to be met.

Aluminum Power Co's plant was designed solely for the purpose of supplying energy to the aluminum works. While the installation was designed to use the full effective flow of the river at that point, engineers of the company replaced the runner on a turbine in the generating station at Chute a Caron, thereby increasing the capacity from 65,000 to 70,000 h.p.

This was helpful but by no means met the power requirements of the Aluminum Co., of Canada.

Saguenay Power

The Saguenay Power Co. was the next immediately available source of power. But Saguenay Power had its own troubles, in that outside contracts, with Shawinigan Water and Power Co., Consolidated Paper Corp., Price Bros. & Co., absorbed surplus power. The principal of these three outside contracts was that with Shawinigan.

The contract with Shawinigan Power was for delivery of 100,000 h.p. at Quebec City. Arrangements were made with Shawinigan for the drawback of this power; in other words, Shawinigan resold the power to the Aluminum Co. of Canada.

Build New Line

Such a move naturally deprived Quebec City and district of its power supply. In order to remedy this situation, steps were taken to construct a new power line from the Shawinigan system to Quebec City, in order to deliver an equal amount of power to that area.

A new 220,000 volt line between Three Rivers and Quebec, to connect the Shawinigan and Saguenay systems, was built for the Aluminum Co. of Canada by the Shawinigan Engineering Co., Ltd.

Step Up Power Supply

Two other transmission lines are under construction to provide additional facilities for the Aluminum Co. of Canada. One, 23½ miles in length, connects Ile Maligne generating station with Arvida, and the other, 4 miles in length, connects Chute à Caron generating station with Arvida.

These projects will greatly increase available supply of electrical energy for the Aluminum Co. of Canada. However, in order to further strengthen the power supply situation, the Aluminum Co. has commenced construction of a storage dam at the outlet of Manouan Light, a tributary of Peribonka River, to lessen the spring floods from the Lake Saint John reservoir. This will enable the storage of 56 billion cubic ft. of water to augment the winter flow at the Ile Maligne and Chute à Caron hydro-electric plants. This will not only provide for a greater equalization of the power output at these two plants over the course of the year, but will make available a considerably larger amount of energy.

Shawinigan

Ability to meet the tremendous wartime power requirements of the Aluminum Co., of Canada was only possible because of the policy of Shawinigan Water and Power Co. to build in anticipation of future power needs.

At the beginning of 1940, Shawinigan Water and Power Co.'s developed power resources, largely on the St. Maurice River, aggregated 886,400 h.p. This does not include purchasing power, amounting to over 116,000, or that of its controlled subsidiary, Quebec Power Co., totalling 23,350 h.p.

During the past year, Shawinigan and Brown Corp., jointly, through the St. Maurice Power Corp., brought into operation the 178,000 h.p. plant at La Tuque. This made available to the company well over one million h.p.

In this connection, a fact not generally known by Canadians, is that this company now has developed and under its control, more hydro-electric energy than is developed in all South America, or in Africa, or Asia.

New Peak Load

Naturally, the war has had a tremendous influence upon operations of the Shawinigan system. Increasing demands for power, largely the result of war conditions, boosted the electric power peak load on the company's system last year to 957,453 h.p.

This represents an increase of more than 29% over that reported for the previous year.

The total peak load on the electric system was 1,118,914 h.p. in 1940, as against 1,168,492 h.p. the year before. The decline is attributed entirely to a reduction in secondary power deliveries, a part of the company's policy in making available larger quantities of hydro-electric energy for primary purposes.

Gain For Firm Power

The production and purchases of power by Shawinigan in 1940, with comparative returns for 1939, follow:

(In Thousands of Kilowatt Hours)

	1940	1939
Company output	4,058,992	4,549,209
Purchased power	746,767	706,572
Do., (surplus)	801,133	517,167
Total supply	5,606,892	5,772,948
Firm power output ..	4,345,537	3,574,895
Secondary pwr. output	1,261,355	2,198,053

Increase in Power Load

Contracts for definite periods were entered into with a number of new industries in the company's territory last year. These involved delivery of an additional 7,500 h.p. of primary power for general industrial purposes. Other contracts for the delivery of approximately 170,000 h.p. and extending for the duration of the war, were made with various corporations and other users.

In connection with the wartime demand for power, Shawinigan, in addition to the line built by the Aluminum Co. of Canada between Three Rivers and Quebec, completed a double circuit of 110,000 volt line, tapped off two of its main Montreal feeders. The line crosses the St. Lawrence River near Berthier and will provide additional facilities for the City of Sorel.

Normal Growth Noted

The power load of Shawinigan, aside from those industries directly concerned with the production of war materials and supplies, has also been affected by increasing demand from its regular customers. For example, the increased production of the newsprint industry in 1940 added substantially to the primary power load. On the other hand, the sales of secondary power for use in electric boilers had to be curtailed.

Then, too, the retail distribution of power was extended during the past year with the resulting substantial increase in the number of customers. The number of communities served has increased from 457 to 469.

Growing Retail System

While Shawinigan is regarded primarily as a wholesaler of power, the importance of its retail distribution is not generally appreciated.

The retail distribution system now covers a surprisingly large area of the centre portion of the Province of Quebec by north and south of the St. Lawrence River. Along the north shore and below Three Rivers, the retail system joins up with that of the Quebec Power Co. Above Three Rivers, on the north shore, the system now is within a short distance of Montreal. Considerable progress has been made in developing retail distribution on the south shore, and the system now extends almost to the U. S. border.

In 1921 the income derived from retail sales represented only 6.3 per cent of the company's power revenues. Today the proportion of revenue derived from this source amounts to over 20%. It might be added that since 1933 the number of retail customers served directly by the company has increased over 50%.

Other Interests Extensive

Shawinigan not only owns and operates one of the largest hydro-electric power systems in the world, but is associated with other activities which contribute to make the company one of the important corporate enterprises in the Dominion.

The company controls Quebec Power Co., one of the largest retail distributors in Quebec Province, holds joint control of Montreal Tramways Co., and Canadian Light Heat and Power; has a half interest in the St. Maurice Power Corp., and owns a minority, but substantial interest in Saguenay Power, Montreal Power and other enterprises.

Shawinigan Chemicals

Shawinigan operates a wholly owned chemical subsidiary under the name of Shawinigan Chemicals Ltd. During peacetime, the chemical unit had been making great progress in the development of various products of commercial importance, particularly resins.

The principal products of the chemical unit are calcium carbide, acetic aid and its derivatives and stainless steel.

Since the latter part of 1939, operations of the chemical company have been on a capacity basis, producing a number of products essential to the war effort.

It is not possible to obtain a complete picture of the company and its operations, without consideration of its associated activities. These are more fully discussed in the separate reviews on Quebec Power Co., United Securities Co., and Canadian Light Heat and Power.

St. Maurice Power

St. Maurice Power Corp., the jointly owned enterprise of Shawinigan and Brown Corp., completed its new station at La Tuque on the Upper St. Maurice River during the past year. Four units, aggregating 178,000 h.p. operating under a 114-ft. head, were brought into operation.

This station will provide power for Brown Corp. sulphate pulp mill at La Tuque and supplement the general distribution of Shawinigan.

The new La Tuque unit is one of the most important power plants constructed in recent years. Its completion at this time greatly strengthens the position of the Quebec power industry to meet the abnormal wartime demand.

Beauharnois

Beauharnois Light Heat & Power Co., controlled by Montreal Light Heat and Power Cons., is the third of the Quebec power wholesalers which has played an important part in the war effort. Because of the availability of large supplies of hydro-electric energy, a number of the important new war industries were established in the company's territory. No official particulars are available as to the actual increase in the power load, but it is apparent from the 1940 financial statement that the wartime power sales will have an important bearing upon the operations of this company for the duration.

In order to take care of the demands, Beauharnois made application and received approval from the Dominion Parliament to divert an additional 30,000 c.f.s of water from Lake St. Francis for the production of additional hydro-electric power.

At present Beauharnois has installed 11 units of 50,000 h.p. each. Five of these are set up for 60-cycle power and the balance for 25-cycle power. All of the output for the latter is delivered or under reserve for the Hydro-Electric Commission of Ontario. The 60-cycle power is fed into the Montreal Power System or to serve industrial plants in the company's territory.

The two units presently being installed are designed for 60-cycle power.

There is no extension to the power house. When constructed, provision was made for the installation of four additional units, or 14 in all.

When the two units being installed are in operation, the company will have reserve space for one more unit. At the moment, no particular plans have been made for its installation.

Under the rights granted by Parliament, Beauharnois can produce 665,000 h.p., but capacity by this time next year will be limited to the 13 units or 615,000 h.p.

Wind Up Holding Company

It might be mentioned in connection with this company that during the year the holding unit, Beauharnois Power Corp., was wound up. In September the share capital of Beauharnois Light, Heat and Power was converted from 20,000 shares of $100 par value to 715,779 shares, no par value. The new shares were delivered to Beauharnois Power Corp. for distribution to its shareholders in exchange for the shares of the corporation, thereby permitting the winding up of the corporation and surrender of its charter.

Canadian Light

Other wholesale power producers in Quebec have been affected only indirectly by the war effort. For example, Canadian Light & Power Co., a subsidiary of United Securities, experienced little change in its operations or earnings over the past year. All of the company's output is sold indirectly to Montreal Power at a fixed price under an agreement extending to 1949.

The company has a small hydro

(Continued on page 19)

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East Kootenay Power Co. Ltd....	35,500	60,000	95,500
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	805,560	1,233,890	2,039,450

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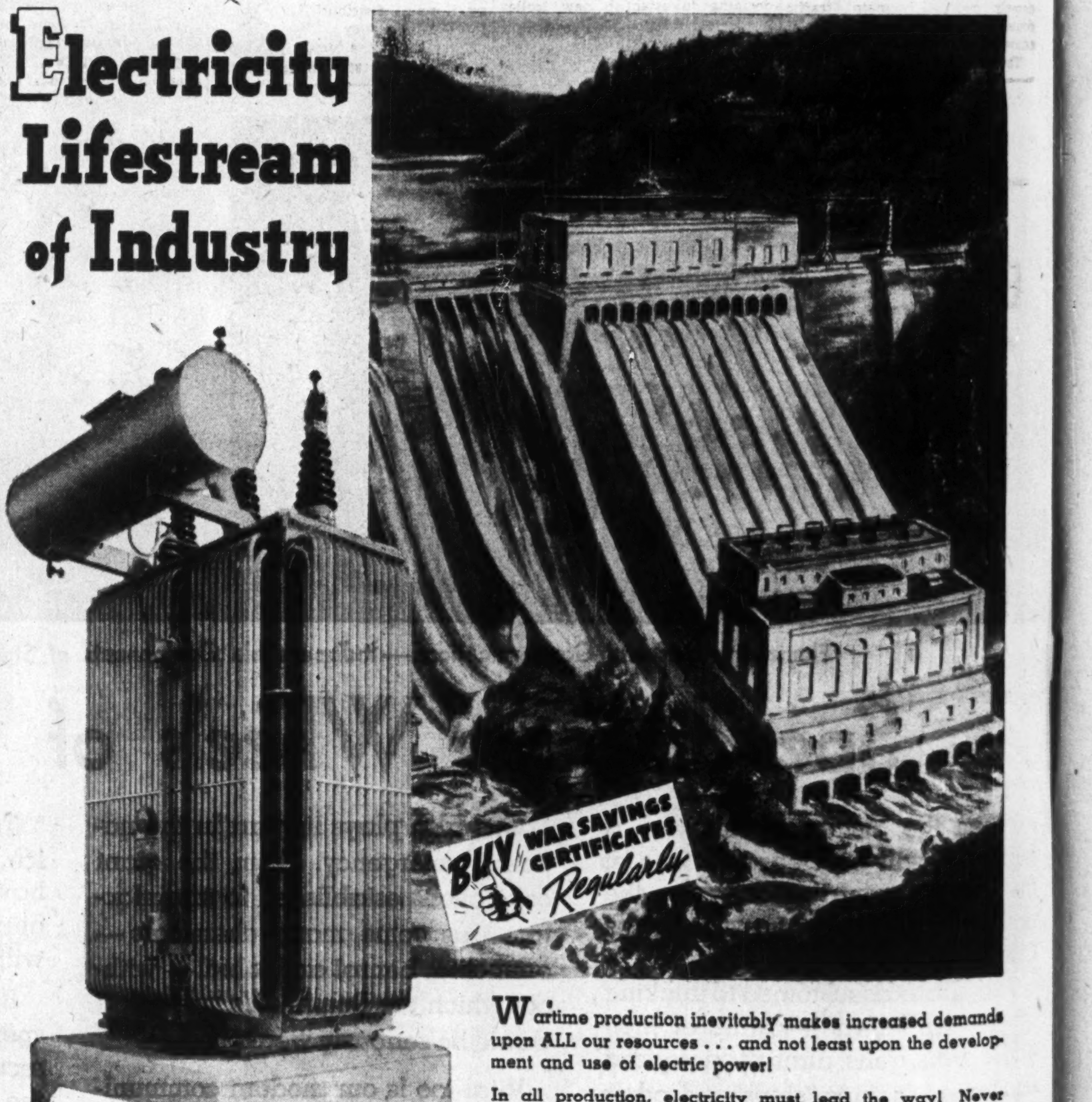
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Tram Operations Take New Lease on Life

Speed-up of Individual Life of Nation Reflected in Heavier Passenger Traffic

More housewives go "down town"; more men go to work each morning; more families spend money on street car travel. In short, the street railway business in Canada is reacting favorably to the increased industrial activity and greater spending power consequent upon the war effort.

As a means for the mass movement of people in urban areas, the electric tramway is without equal. The industry, however, has had its ups and downs—mostly downs—in the last few years. The increasing use of the privately-owned automobiles and motor buses has tended to take away traffic from the electric railways.

Meet New Conditions

The many changes in urban transportation over the past 15 to 20 years have brought about radical changes in local transportation services. It has taken time for the operators to adjust themselves. Outmoded equipment has had to be replaced, non-paying lines abandoned. Feeder bus lines have been established, trackless trollies adopted.

All of this has taken time, but in making these changes the operators have had serious declines in traffic and, in turn, lower earnings. Between 1926 and 1939 there was a modest pick-up in traffic which was greatly accelerated during the past year.

This change in trend has been encouraging, but it does not mean the trams have solved their problems. No one thinks this, least of all the operators. Yet they feel, perhaps justifiably, that now they are on the up grade.

Still Meet Need

Electric street cars are still the most economical form of transport in moving large masses of people in and out of congested traffic areas at peak load hours. However, the difficulty is that in the past the tramway companies, because of public demand, extended lines to cover too wide an area. The moving of population from one area to another in a municipality has also played its part in adversely affecting operations.

The greatest competitive factor affecting street car services has been the wide use of privately-owned motor cars. The tramways have met this competition and changing trends in urban population by adoption of motor buses as feeders and the use of trackless trolley vehicles, using the electric street cars on the densely populated main traffic routes. The results have been encouraging.

There are two tram operators in Canada operating solely as urban transport companies in which there is a public investment interest. These are Montreal Tramways Co. and Ottawa Electric Railway Co.

In Halifax, Saint John, Quebec, Hull, Winnipeg and Vancouver, the street railway systems are operated by concerns that are primarily power companies.

In Toronto, London, Windsor, Port Arthur, Brantford, Fort William, Kitchener, Saskatoon, Regina, Calgary and Edmonton, the systems are municipally owned, while the Hamilton system is owned by the Hydro-Electric Power Commission of Ontario.

630 Million Passengers

In the last year for which complete statistics are available, the electric railways of Canada carried 630 million passengers. This represents an improvement over the returns for 1933 and 1934, but is well under the 833 millions established in 1929. The Montreal system carried almost one third and the Toronto system one quarter of this traffic; the nine large systems accounted for 87.7% of the total.

Of the 37 systems reporting in 1938, 13 reported a loss. Of the remaining 24 companies, five reported revenues from other activities, so that it is not possible to say whether or not their tramways were conducted at a profit. This indicates that, generally speaking, tramway operations are not especially profitable.

Montreal Trams

Tramway services in the Montreal area are supplied by Montreal Tramways Co. Last year this system carried 226 million revenue passengers compared with 209 million in 1939, an increase of 8.06%.

During recent years the company has maintained a policy of replacing tram cars by autobuses for operations in sparsely populated districts. The bulk of the traffic handled by the company, of course, continues to be handled by tram cars.

Trolley buses used by Montreal Tramways have been in operation for a period of nearly four years and have proved satisfactory. No further purchases of this type of vehicle have been made. However, the company will continue its experiment for a longer period before deciding to establish new trolley bus lines.

Earnings of the company have not been wholly satisfactory in recent years. Under the contract made between Montreal Tramways and the City of Montreal in 1918, the company is permitted to earn certain fixed returns on its capital investment. After that the balance of revenue is distributed in various ways, including an annual rental of $500,000 to the city.

Contract Under Fire

During the depression years it was not possible for the company to pay this rental to the city and, largely as a result of that omission, a move was initiated to have the contract revised so as to advance the standing of the city's claim for rental.

This agitation developed to a point where a commission was appointed by the Provincial Government to investigate the contract. The commission started its enquiry in May, 1939. A number of public hearings have been held, considerable material gathered, but so far the board has not made public its report.

Meanwhile the company faces a problem in respect to its outstanding $23.6 millions of 5% first and refunding mortgage bonds which fall due on July 1 next.

These bonds are the company's ranking security and, under other circumstances, normal procedure would be to raise net capital to redeem the bonds. Because of war and other conditions the company will be unable to do this.

Early this month, in anticipation of the default in payment of principal, a committee was formed to act on behalf of a group of bondholders. Formal organization of the committee has not yet been completed.

The bonds are payable as to principal and interest in Canadian, New York and Sterling funds. Probably more than half are held in the United States, where they were first offered in 1911.

There are several factors militating against refunding of the bonds. In the first place war conditions make it impossible to finance in the United States. Secondly the domestic market is incapable of absorbing so large an issue and, thirdly, uncertainty in respect to the contract between the city and the company makes it difficult, if not impossible, to secure a favorable rate.

On the other hand, the company is solvent and earnings of late have improved substantially. Interest on the first mortgage bonds is being covered by a comfortable margin. Accordingly probably the only alternative facing the company is to secure an extension to the maturity of the first mortgage bonds.

May Extend Maturity

Along these lines it is considered possible the bondholders may agree to extending the maturity of the first and refunding bonds for a period of 10 years. Such an extension would involve consideration of such factors as the sinking fund, payment of principal and interest in other than Canadian funds and a call feature.

Ability to arrive at some equitable arrangement with the bondholders will be greatly facilitated if the board of enquiry makes public its report in the near future. If the report if favorable to the company, then it would be possible to secure much more favorable terms than would be the case if an adverse report were handed down.

Provincial Transport

In recent years Montreal Tramways has entered into the bus transportation business on a large scale through its controlled subsidiary, Provincial Transport Co. This company operates bus lines in and about the City of Montreal and, through subsidiaries, maintains local services in Kingston and Sherbrooke. In addition, long-distance lines are operated connecting Montreal, Toronto, Ottawa, Boston, New York and other points.

Operating conditions experienced by the Provincial Transport last year were highly favorable. Urban services in Kingston and Sherbrooke were on a larger scale due to increased industrial activity. The company also was called upon to provide transportation connected with wartime activities, both for military and industrial purposes.

During the past year 6.9 million miles were operated, an increase of nearly 1 million miles over 1939. A total of 6.2 million passengers was carried, an increase of 1.4 million.

Restrictions imposed on Canadian tourists travelling to the U.S. seriously curtailed revenues of the company with which Provincial Transport is associated.

Last year the company purchased and put in operation five coaches for urban service and 12 for interurban service, and 15 interurban coaches were ordered for delivery early this year.

Ottawa Railway

Tramway services in the Ottawa area are provided by the Ottawa Electric Railway Co. Operations showed a substantial increase in 1940 over 1939. This has been reflected in payment of extra dividends on the capital stock.

Conditions in the Ottawa area are favorable to the operation of tramways. A record of the company's gross receipts for 1893 to date shows an almost uninterrupted climb in gross earnings to 1920. From 1920 to 1929 earning power was more or less constant. There was a relatively sharp drop in income during the depression years, with gross income being stabilized around $1.3 million in 1933. Since 1938 the income curve has moved forward sharply and is not far from the record level set up in 1920-1929.

Quebec Power Firms

(Continued from page 18)

power development of 28,000 h.p. located about 30 miles from Montreal.

While Canadian Light and Power is a relatively small producer, it has one important asset, namely, perpetual rights to manufacture, sell and distribute power and light in the City of Montreal and several of the adjacent counties.

Mont. Island Power

Montreal Island Power is in much the same position as Canadian Light Heat and Power. Control of the company is held directly by Montreal Power.

Operations of the company's power plant on the Back River, a short distance from Montreal, are of a routine character. The entire output is delivered to Montreal Power under long-term contract.

Gatineau Power

Gatineau Power Co. is one of the largest wholesalers of power in the Dominion. It is now delivering to Ontario Hydro 260,000 h.p. of 25-cycle power. This figure does not include the 60-cycle power of which Gatineau is delivering 60,000 h.p. to the Commission.

While Ontario Hydro is a major outlet for the company's production, Gatineau has a number of other important customers, notably Canadian International Paper. It also supplies energy to Canada Cement Co., Ottawa Electric, Hull Electric Fraser Co., the E. B. Eddy Co., as well as to its own comparatively small retail distribution system in the Ottawa Valley.

Over 80% of the company's output is sold on long-term contract. There is little or no surplus power available for sale, so that the company's operations are now largely on a fixed basis.

Gatineau, under present circumstances, is somewhat handicapped as compared with other utility companies. The fact that it has little power for sale means that its gross revenues have shown but little increase. As a consequence, increased tax charges and the premium on U. S. exchange to cover bond interest cuts into net earnings of the company. The extent to which net earnings have been affected will not be known until publication of the annual report.

During the current year, Quebec Power wholesalers will have available 550,000 h.p. more than during 1940. New generating capacity totals 275,000 h.p. Another 200,000 h.p. has been freed through curtailing use of electrical energy for steam raising in the electro chemical industry and in pulp and paper plants. Another 50,000 h.p. has been saved through readjustments, as, for instance, continuation of daylight saving. Furthermore, increased storage capacity permits greater output from better river regulations.

It may be said that as far as the past year was concerned, the Quebec power companies devoted themselves to making every proparation for war production. Not only did they make every practical provision for the rapidly increasing demands for electrical energy within their own territories, but they co-ordinated several high extension systems to ensure a much more efficient total power output than has hitherto been found possible. As a result, Quebec operators continue to be in a position to take care of the increasing power loads arising from the national war effort.

Ottawa Valley Power

Moving out of the Montreal area into the Ottawa River Valley section, the first large wholesale power producer is the Ottawa Valley Power Co., which, with Ontario Hydro, operates a joint development at Chats Falls.

Entire output of the plant, amounting to 96,000 h.p., is sold under long-term contract to Hydro, the power being delivered to the Leaside substation.

Earnings of the company are definitely limited by contract and because of its fixed income position, net profits of the company have lately declined in view of the heavier scale of taxation. No financial or operating statement is made public by the company, which is controlled by Calgary Power Co.

Maclaren-Quebec

Maclaren-Quebec Power Co. disposes of its output under long-term contract to Ontario Hydro and the James Maclaren Co.

Ontario Hydro has advanced the date of delivery on an additional block of 20,000 h.p. from Maclaren-Quebec by three years. Delivery will start on November 1 next, instead of November 1, 1944. Delivery of another 20,000 h.p. set for November 1, 1940, had been advanced to July 1, 1940. With the increase on November 1, 1941, the total demand of Ontario Hydro will be for 100,000 h.p.

According to a return tabled in the Ontario Provincial Legislature, a further understanding has been reached with the company to increase the maximum under the 1937 contract with Ontario Hydro from 100,000 to 125,000 h.p. at the same rate of $12.50 per h.p.

Extension of the contract is now under consideration of the Quebec Public Service Board.

Demand for power from the associated companies, James Maclaren Co., has been at a relatively high level owing to the increase in production of newsprint paper. However, over and above the contract requirements of Ontario Hydro and the Maclaren Co., there is a surplus of productive capacity, the output of which is being used for the purpose of steam-raising. It is this power which Ontario Hydro is interested in placing under contract.

In view of the anticipated increase in demand for power, the company recently secured a loan from the Bank of Nova Scotia for $2 millions (approved by the Quebec Public Service Board) for the purpose of constructing additional storage work on the Lievre River. This work will involve an outlay of around $1.5 million and the additional water storage will increase the flow of water to the power plant at Masson.

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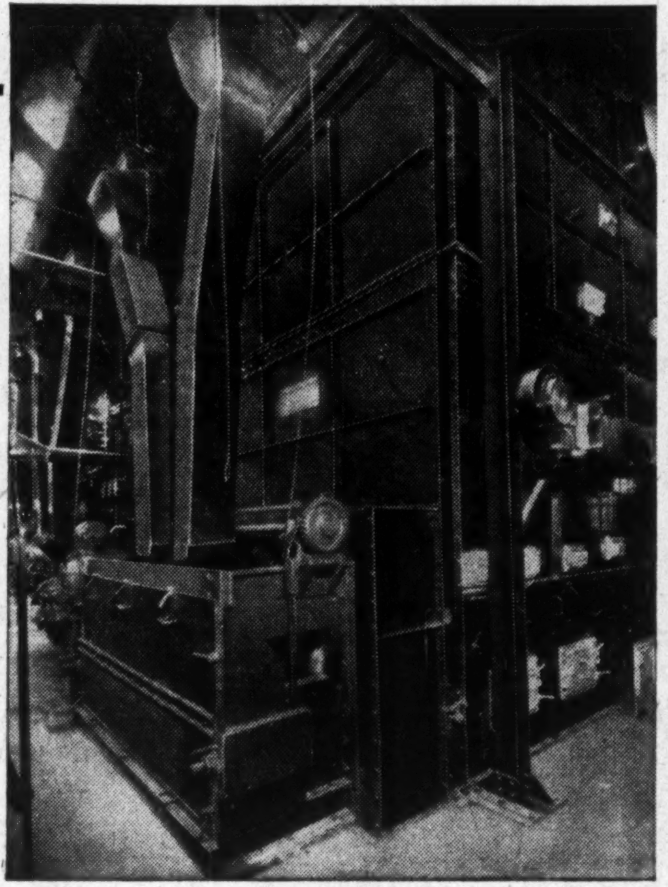

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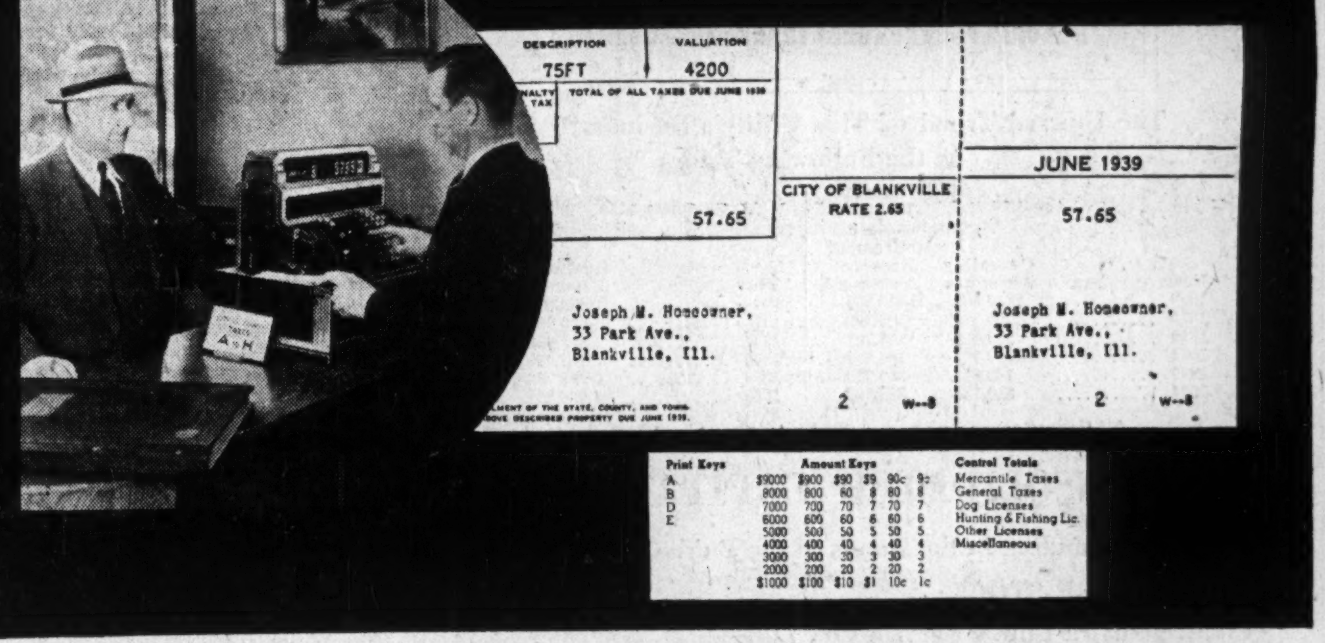

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War Booms Power Sales in Nova Scotia

All Resources in Province Are Pressed Into Service

Electrical utility operations in Nova Scotia have been of record proportion during the past year. Sharp expansion of industrial operations, and particularly in the Cape Breton area, has stepped up demand for electricity to near capacity levels. At the same time, the increased volume of employment and the large movement of military services and war workers to the Nova Scotia area have had and are having a very marked influence on utility operations.

Wartime conditions are most marked in the Halifax area. This is only natural, as it is one of the most important of the Eastern Canadian ports and also is the centre of a number of industries, including many directly associated with the war effort.

Wartime Boom

Vying with Halifax in activity is the Cape Breton area, where the huge Dominion Steel and Coal Corp. operations are concentrated. The iron and steel properties there have been working at full blast for many months past. Capacity has been increased and employment provided for a considerably larger number of workers.

In New Glasgow, Truro, and the various towns adjacent to military camps, demand for electricity and other services of the utilities have reached boom proportions.

Probably the best indication of the wartime demands on Nova Scotia utilities is to be seen in the power returns. In January, 1941, net consumption of electrical energy in the province was 40,241,000 kw.h., of which 27,167,000 kw.h. were produced by water power and 13,074,000 kw.h. by steam plants. This compared with a consumption of 36,367,000 kw.h. recorded in January, 1940.

While this increase is not as marked as in some of the other provinces, still it represents an abnormally large gain. Ordinarily economic conditions in the Provinces vary but little from year to year. There are no wide swings.

The increased demand for electricity has put a severe strain upon productive facilities of the Province. The Nova Scotia Power Commission System had reached a point last summer where not one of the Commission's systems had available a reserve of primary power and energy for expension of demand. The Commission is primarily a wholesaler of power and this condition reflects the demand made upon it by the privately-owned companies.

N. S. Light

Nova Scotia Light and Power Co., which serves approximately one half of Nova Scotia's utility users, and particularly those in the Halifax-Dartmouth area, has been pressed to meet demands for service. Some idea of this pressure may be gained from the fact that over the past year population of Halifax increased by over 30,000.

It is obvious that when the population of an open area increases from one-third to one-half in the space of a year, problems of a major character arise as far as utility services are concerned. Despite the abnormality of the situation, Nova Scotia Light and Power has successfully met the demand.

The improvement has been so marked that for the first time in some years, the tramway system is paying its way.

The demand for power has made it necessary to use all available generating equipment. To that end the steam power plant, ordinarily used as a standby, has been in full operation for several months. The power situation has been relieved somewhat by the completion of the Black River Power Development by the company's subsidiary, Avon River Power Co. This new unit provides the company with an additional 7,500 h.p. of electrical energy.

In addition to supplying the power, gas and tramway services of the area in and around Halifax, Nova Scotia Light, through its subsidiaries, supplies the Annapolis Valley and several other sections of the Province. These subsidiary activities have been on a broader scale of late, but, of course, not as great as those of the parent company.

Seaboard Power

In the Cape Breton area capacity operation of Dominion Steel and Coal Corp. and its subsidiaries has had a very strong and beneficial effect upon the economic life of the community. As a result there has been a considerable broadening of operations of the Seaboard Power Co. and the Eastern Light Power Co. The former is a wholly-owned subsidiary of Dosco and is primarily engaged in supplying power for the parent company's industrial operations.

Eastern Light

Eastern Light and Power Co., which supplies light and power to Sydney and the surrounding districts, has been experiencing a marked improvement in operations and revenues. The company also provides services to Glace Bay and Dominion, New Waterford, New Victoria, Lingan and other towns.

The company's report of operations for 1940 is not available as yet, but as the district in which it serves has experienced better than average prosperity in the past year, expectations are that this condition will be reflected in the company's statement.

Canada Electric

Up toward the New Brunswick border, Canada Electric Co. has been experiencing improved operating conditions. The company serves industrial and mining territories in northwestern Nova Scotia and eastern New Brunswick. A large block of power is sold to the Dominion Coal Co. mines in Springhill and also to several mining companies in the Maccan-Joggins field. In addition, Canada Electric carries on a general retail distribution in Amherst and the surrounding district, as well as supplying the local distributing companies for Springhill at Oxford, and the Eastern Electric and Development Co., serving Sackville and district.

Considered as a group, the Nova Scotia Public Utilities have not only experienced broad expansion in operations over the past year, but have been able to meet the extraordinary demands which have been made upon them.

Central Electric Plants Produce Record Flow

Central electric stations in Canada not only made available in 1940 a larger amount of electrical energy than ever before in the industry's history, but, of greater importance at this time, a larger amount of firm power. In all the industry produced, according to the Dominion Bureau of Statistics, over 30 billion kilowatt hours of electrical energy, of which 23.1 billion kilowatt hours represented the net consumption of firm power. The year before the industry reported an output of 28.3 billion kw.h., and firm power consumption of 19.8 billion kw.h.

For the first time The Bureau has made available a breakdown of the complete Canadian power picture. It brings to light a number of particularly interesting situations to those interested in the industry or to whom the question of power and power supplies are of vital importance at this time of national emergency. These returns are set out in the accompanying table.

Quebec Sets Pace

It will be noted that the net firm power consumption is greater in Ontario than in any other province; even exceeding Quebec. But the latter province, including secondary power, produces and uses more energy than any other province. Quebec accounted for over half of the total power output in Canada during 1940; it used 44¼% of all the energy consumed in the Dominion.

Taking the situation as a whole, returns show that of the available supply of 30 billion kw.h., over 2.1 billion kw.h. were exported to the United States. This left just under 28 billion kw.h. for Canadian requirements. Of this amount 4.8 billion kw.h. represented secondary power consumption and the balance net firm power consumption.

Majority Have Own Power

Prince Edward Island, Nova Scotia, Manitoba, Saskatchewan and British Columbia were self-sufficient; in other words, they were able to meet their own power requirements without importing from other provinces.

Quebec was in the anomalous position of having to import a small amount of energy, but the amount exported was so vastly greater that this province can undoubtedly be said to be self-sufficient in so far as her power supply is concerned.

The same situation applies to New Brunswick, where there was a small import but a much larger export of energy.

Ontario, as was to be expected, had to import heavily from Quebec to meet her power requirements, though, it is not without interest to note she exported more power to the United States than any other province.

Depend on Water

The breakdown also reveals that practically all of the electrical energy produced in Canada last year was hydraulic. However certain of the provinces, with limited "white coal" resources, had to depend, more or less, upon steam generating plants. In the latter class Prince Edward Island is pre-eminent; practically all electricity being produced from fuel. Nova Scotia also depended heavily upon this source of electric power, as did New Brunswick, Saskatchewan and Alberta.

Ontario was the only province to report a complete absence of electrical energy generated in fuel using stations.

Power Reserve Aids Quebec

Former Big Surplus Rapidly Absorbed by War Demands

What once threatened to be a serious surplus of power has turned into a valuable asset for the Quebec operators. Quebec is most fitted to supply the demand for power in large volume needed to meet requirements of the new industries springing up to meet Canada's wartime needs.

Availability of large blocks of hydro-electric energy has been a powerful influence to date on location of new industries in connection with the war effort. Many of the new plants sponsored by the Department of Munitions and Supply have located in Quebec. This trend will continue, at least wherever power is a factor, for the province has laid down a ruling that, in effect, reserves Quebec power for Quebec industries.

Control All Contracts

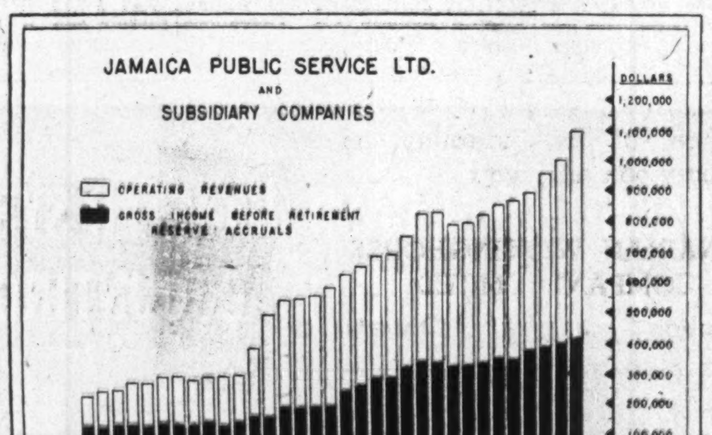
The Public Service Board, which replaced the old Quebec Provincial and Electricity Board, has informed all power operators that they cannot make a contract for delivery of power outside the province without prior approval of the Board.

The Board has gone even farther and ruled no company can enter into a contract or commitment for delivery or sale of "motive power" in excess of 500 h.p. to any person without prior approval of the Board.

This does not mean Quebec power cannot be exported. But opinion among Quebec utility executives is that further power exports will be limited so that any industries requiring a large block of power can be assured of meeting its needs if it locates in Quebec Province.

GROWTH AND STABILITY

A PROVEN RECORD



The Upward Trend of This Utility's Business Is Shown in the Following Table:

Year	Operating Revenues	Gross Income Before Retirement Reserve Accruals	Year	Operating Revenues	Gross Income Before Retirement Reserve Accruals
1909	$236,065	$113,885	1935	$852,636	$350,575
1914	288,924	125,369	1936	866,947	346,246
1919	383,664	154,767	1937	889,650	374,643
1924	576,096	186,651	1938	953,489	385,850
1929	748,615	320,339	1939	998,733	398,660
1934	820,189	335,935	1940	1,096,831	414,524

All figures converted from £ Sterling at the rate of $4.86-2/3 to the £1

CONSOLIDATED CAPITALIZATION

Outstanding in the Hands of the Public, Dec. 31, 1940

DEBENTURE STOCK:

Jamaica Public Service Co., Ltd.	
Series "C" 4½'s (£389,434)	$1,895,245

PREFERENCE SHARES:

Jamaica Public Service Co., Ltd.	
Preference 7% Cumulative, $100 par value	$420,000
Preference "B" 7% Cumulative, £1 par value	314,167
Preference "C" 5% Cumulative, £1 par value	323,000
Preference "D" 5% Cumulative, £1 par value	163,374

CAPITAL STOCK:

Jamaica Public Service Ltd.	
No Par Value	135,000 shares

Jamaica Public Service Limited, a Canadian company, owns all of the Ordinary and certain of the Preference shares of Jamaica Public Service Company, Limited.

Jamaica Public Service Company, Limited, does the entire electric lighting and power business in Kingston and adjacent territory, and also operates the electric tramway system. Through a wholly owned subsidiary, this company provides all the electric lighting and power and ice business in Montego Bay and Port Antonio, which communities rank next in size and importance to Kingston, the principal city on the Island. Combined population served by both operating companies is estimated at 150,000. Operating revenues for 1940 were derived 79% from electric, 18% from transportation and 3% from ice business.

Dividends on all classes of Jamaica Public Service Company, Limited, Preference shares have been paid regularly since their issuance. Quarterly dividends at the annual rate of $1.00 per share were inaugurated on the capital stock of the Canadian company on October 1, 1930, which annual rate was increased to $1.50 per share beginning October 1, 1935, to $1.75 per share beginning October 1, 1936, and to $2.00 per share beginning April 1, 1939. Effective January 19, 1940, the capital stock of the Canadian company was subdivided on the basis of 3 new shares for one old share which increased the outstanding shares to 135,000. Beginning April 1, 1940, regular quarterly dividends of 17 cents per share have been declared on the 135,000 shares outstanding, which rate on an annual basis is equivalent to 68 cents per share.

Jamaica Public Service Limited
and Subsidiary Companies

Serving

MONTEGO BAY KINGSTON PORT ANTONIO
JAMAICA, B.W.I.

THE POWER FLOW OF PRODUCTION

For centuries, the turbulent waters of the Gatineau River flowed, with their mighty energies uncontrolled.

Fourteen years ago a substantial part of the power available on this river was co-ordinate to man's use through the harnessing of five hundred and four thousand horsepower.

Today this source of power is an essential factor in the industrial and community life of the area the company serves.

The Gatineau Power system includes three hydro-electric plants at Farmers, Chelsea and Paugan on the Gatineau River, together with two large storage reservoirs—created to regulate the flow of the River to bring about the maximum power development.

Inter-connected with these plants are eleven others, on the Ottawa, Nation, Rouge, North, Ouareau and other tributaries of the Ottawa River. In addition, Gatineau Power Company has plants at Temiskaming and Thurso in the Province of Quebec, and at Grand Falls and Dalhousie, New Brunswick, bringing the total installation to 725,634 h.p.

Thus, today, to assist the Empire in its mighty war effort, the Gatineau Power Company's facilities are ready to speed the flow of production of its industries as the tempo increases—and to meet the demands of its commercial, residential and farming customers with dependability and economy.

GATINEAU POWER COMPANY

OTTAWA CANADA

STATIONS INCREASE

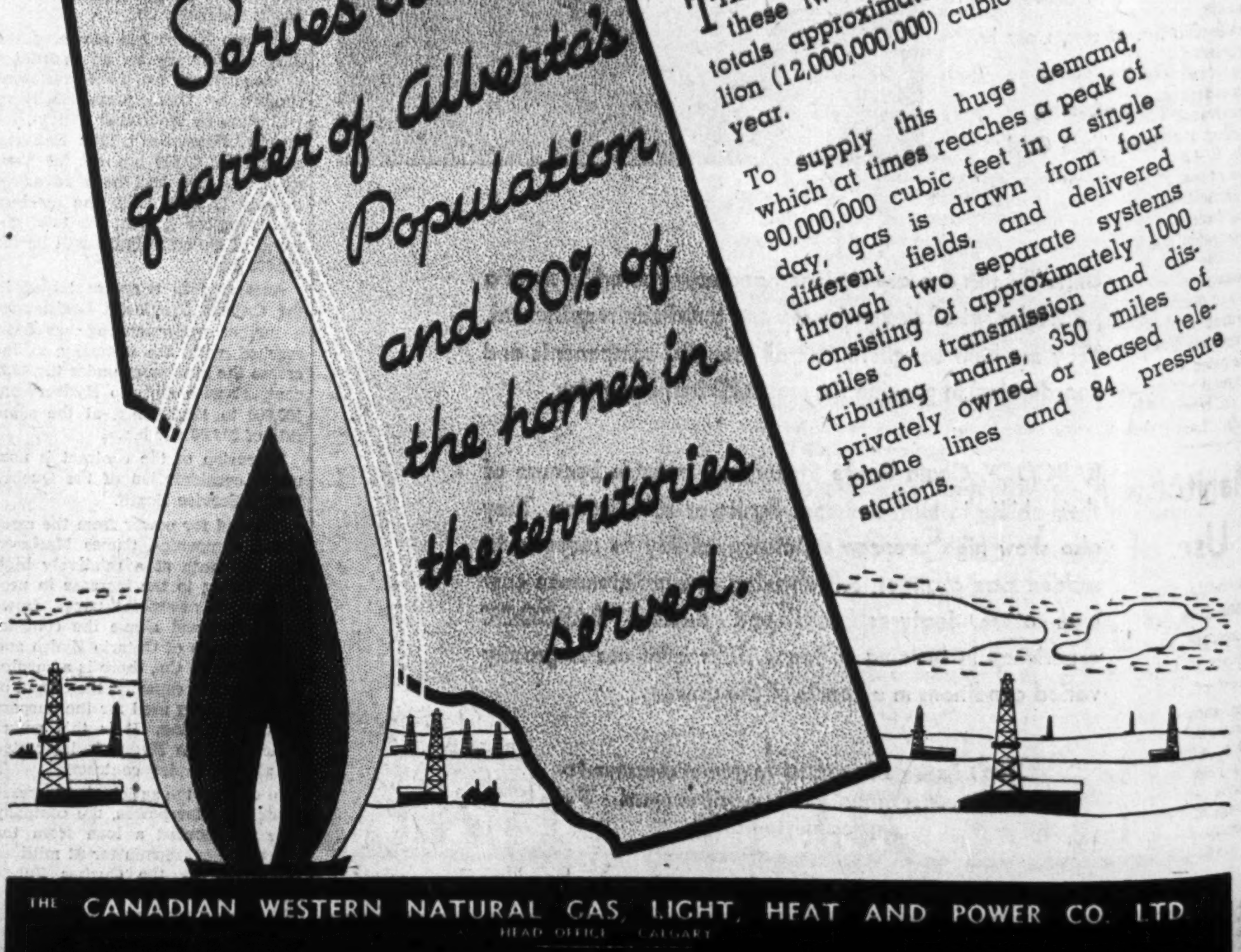
In the last official figures available for telephone installations in Canada, for the year ended Dec. 31, 1938, total stations increased 36,623 or 2.8% to 1.4 million. The loss from the 1929 peak was not overcome to the end of this, being about 40,000 down.

589 ELECTRIC PLANTS

Canada has 589 electric power plants, according to the last survey. These plants are distributed as follows: Ontario—135; Saskatchewan—123; Quebec—97; British Columbia—71; Alberta—62; Nova Scotia—48; Manitoba—31; New Brunswick—13; and Prince Edward Island—9.

WIRE MILEAGE

In 1939 pole line mileage of Canadian telegraph companies increased slightly to 52,764 miles, while wire mileage increased 1,267 miles to 374,550. Number of employees was reduced to 6,339 from 6,347, but payroll increased $27,000 to $8.2 millions.


GAS in ALBERTA
Serves over a quarter of Alberta's Population and 80% of the homes in the territories served.

THE amount of gas handled by these two Alberta Companies totals approximately twelve billion (12,000,000,000) cubic feet per year.

To supply this huge demand, which at times reaches a peak of 90,000,000 cubic feet in a single day, gas is drawn from four different fields, and delivered through two separate systems consisting of approximately 1000 miles of transmission and distributing mains, 350 miles of privately owned or leased telephone lines and 84 pressure stations.

THE CANADIAN WESTERN NATURAL GAS, LIGHT, HEAT AND POWER CO. LTD
HEAD OFFICE CALGARY
NORTHWESTERN UTILITIES LTD.
HEAD OFFICE EDMONTON

War Boosts Gas Business

Activity Makes Extraordinary Demand, Especially Industrial

War has brought quiet revolution to the Canadian gas industry in 1940. Gas sold for industrial purposes, in normal times regarded as a secondary outlet, has leaped to primary position as a result of the war effort. Coupled with two or three spells of cold weather the increased demand has resulted in occasional stoppages in southwestern Ontario. In the Turner Valley area increased present and prospective consumption has brought an intensification of Conservation Board efforts to reduce the amount of gas wasted in the field.

Temporary Shortage

In southwestern Ontario the problem of increased demand has been intensified by the absence of artificial gas producing facilities. In Windsor a standby plant for production of gas from petroleum is operated by a subsidiary of Union Gas Co. but elsewhere in the area artificial gas producing units were actually torn down when natural gas became the accepted fuel.

For 1941 steps are being planned to increase reserve supplies by new drilling, both in the West and in Ontario, and it is expected that facilities for gas manufacture will be established in Ontario. The Dominion Government has already relaxed some of the restrictions on the use of fuel oil burners for domestic heating.

Rising Sales

Aside from the problems of temporary shortage the position of the gas industry has on the whole been improved greatly during the past year. Increased industrial demand has brought relief to certain companies which had felt severe competition from electrical producers. Sales of natural gas rose some 350 million cu. ft. in 1940 over 1939, while manufactured gas sales jumped over half a billion cu. ft.

Taken as a percentage of the total, the increase in natural gas sales was in the neighborhood of 1%, that for artificial gas sales about 3%. It appears from this that the bulk of the increase was in areas served by artificial gas companies, whose ability to meet sharp fluctuations in demand is more flexible than that of the natural gas companies. Actually, however, the artificial gas producers in many cases failed to profit greatly by the increased demand because of higher costs of importing fuel, rising prices, the premium on U. S. funds and new Canadian excise taxes.

Some in the industry believe the use of gas for domestic purposes is the logical field for future expansion. According to this view, sales of gas to industry should be kept to a minimum, leaving this field mainly to the electrical companies.

Staging Comeback?

Gas companies have continued efforts to increase sales of domestic appliances. In many cases rates have been adjusted to stimulate this development, although individual circumstances and local conditions have influenced the policies of particular companies.

Aid to the campaign for increased domestic sales has come from the self-regulation of the industry through the Canadian Gas Association. This body has urged its members to sell only those appliances whose performance has been certified by the Association.

Similar trends have been apparent in the United States, where sales of gas ranges in 1940 were at the highest level in the history of the U. S. industry. Sales of ranges were 16% above 1939; of gas water-heaters 10%; sales of warm-air gas fired furnaces were up 52%; and hot water, gas fired furnaces rose 73%.

Some of the Canadian war industries, notably explosives operations, and optical glass production have found gas the only practical fuel.

Consumers' Gas

Reduction of the Consumers' Gas Co. dividends to 8%, the first cut since 1858, accompanied by a rise in gas rates reveals the extent to which Consumers' Gas Co. has been affected by rising costs.

Dependent on coal imported from Pennsylvania, the company has felt the effect of the exchange premium on U. S. funds followed by rising prices of coal at the pitheads and by the excise tax. The effect of these rising costs has been only partially compensated by the rising sales of gas. The company has found it necessary to make changes in its rate and dividend structure in order to effect combined savings of approximately $485,000 per year. It is anticipated that as a result of these changes it will be able to cease drawing on reserves for dividend payments. Last previous upward revision in Consumers' Gas rates was in 1937.

The fact that the company's chief competitor, the Toronto Hydro-Electric System, enjoys practical freedom from taxation has made the company reluctant to raise rates in the past. In the latest report to shareholders, President A. L. Bishop pointed out that whereas the Toronto Hydro paid less than one third of a cent of its revenue dollar in taxes, the Consumers' Gas Co. paid 12.2 cents.

While war has brought new problems to Consumers' Gas and has intensified some of the old problems, it has not been without its favorable aspects. One of the new companies planned for Toronto will be, according to current estimates, Consumers' Gas's largest customer. Its consumption will be, if present plans materialize, roughly equal to that of 2,000 new domestic customers.

Union Gas

Serving a population of over half a million people, and controlling a total of over 400 natural gas wells in Ontario, Union Gas has experienced a 35% gain in operating profits for the nine months ended Dec. 31, 1940, as compared with the similar 1939 period. Gas markets include Hamilton, Oakville, Burlington Beach, Bronte, London, Windsor, Riverside, Chatham, Sarnia, Petrolia, Wallaceburg, Dresden, Ridgetown, Blenheim, Tilbury, Essex, Wyoming, Alvinston, Thamesville, Bothwell and numerous others.

The heavy demand in the winter of 1940-41 resulted in temporary shortages in Brantford, Hespeler, St. Catharines and several other municipalities and resulted in a shift of over one million cubic feet a day from the Union Gas system to Dominion Natural Gas. Superimposing wartime industrial demand on normal domestic demand affected Union Gas directly to a minor extent, with the result that it was able to divert some of its own supplies to solving what is regarded as a mutual problem. Steps are to be taken in 1941 to prevent a recurrence. Additional wells are to be drilled and the installation of a plant for the manufacture of gas from either petroleum or coal is contemplated for somewhere in southwestern Ontario. A policy of writing off development costs as incurred instead of capitalizing them as a charge against future earnings was adopted in the fiscal year ended March 31, 1939.

Dominion Gas & Electric

Dominion Gas & Electric or, more properly, its subsidiaries, Canadian Western Natural Gas, Light, Heat & Power Co.; Northwestern Utilities Ltd., and Canadian Utilities Ltd., serve some 120 communities in Alberta and Saskatchewan having a population of some 255,000.

Dominion Gas & Electric, a Delaware incorporation, is in turn controlled by International Utilities Corp. The system is exempt from certain Security and Exchange Commission rulings regarding utility holding companies, which have permitted it to continue development.

New Pipe Lines

Major expansion programme planned by these companies is construction of a duplicate pipe line by Northwestern Utilities from its Kinsella-Viking natural gas field in Alberta to Edmonton. Estimated cost is some $700,000. A second line to Wetaskiwin, Alta., is being considered for 1941, with the idea of later extending this line to Red Deer. Entire programme would cost something like $2.4 millions.

Permission to obtain the initial $500,000 of the required funds from sale of Northwestern common stock to Dominion G. & E., followed by sale of Dominion Gas & Electric common stock to International Utilities, has been applied for. In this way the initial $500,000 will be obtained from the parent company in the United States. Later steps in financing the programme are expected to be carried out in Canada through the public sale of $1.7 million in bonds of Northwestern Utilities, $250,000 in preferred stock of the company. Rates to consumers were lowered in the latter part of 1940.

Subsidiaries Active

Canadian Utilities Ltd. serves over 17,000 consumers in Drumheller, Prince Albert, Yorkton and a number of other communities. Power is derived from steam generators at Drumheller and Prince Albert. Steady growth has been the feature of the company's history since 1933, when 16.3 million kw.h. were sold to 14,634 consumers. In 1939 the company had 17,433 consumers, with sales in the year of 22.7 million kw.h.

Operations of the Canadian Western Natural Gas, Light, Heat & Power Co. consist of the production and distribution of natural gas for use in Calgary, Lethbridge and other Alberta communities. Gas is obtained principally from the Turner Valley field.

A subsidiary of Canadian Western has succeeded in indicating a gas area in the Clearwater structure, some 80 miles northwest of Calgary, in 1939. As a result of these developments the company has improved its ability to meet rising demands. Gas rates in Calgary were reduced some 10% in Dec., 1939.

United Fuel

For nearly a year the properties of United Fuel Investments Ltd. have been under joint control of Union Gas Co. and of Dominion Natural Gas Co. This reorganization left the two controlling companies with three members each on the board of directors. It transferred to United Fuel Investments subsidiary United Gas & Fuel Co. of Hamilton Ltd., the Hamilton distribution system of Dominion Natural Gas Co.

As a result of these changes and the step-up in demands, both domestic and industrial, which have taken place since the war, United Fuels profit for the first half of its fiscal year ending March 31, 1940, was treble the 1939 figure. Earnings for the six months ended Sept. 30, 1940, were $300,414, compared with $108,762 for the similar period of 1939.

Important increase came from the coke company, due mainly to larger volume of coke sales at higher average prices. Sales of a larger volume of manufactured gas for industrial and domestic purposes also stimulated the sales.

The company obtains natural gas from the Haldimand field, adjacent to Hamilton, and its artificial gas is drawn from its subsidiary, Hamilton By-Product Coke Ovens Ltd. in the same city. In common with other gas companies in industrial areas, the rapidly rising industrial consumption has changed the outlook for United Fuels. It is understood that coke sales outside of the immediate territory of Hamilton are no longer being made. The company is in a favorable position regarding gas supplies as a result of its affiliation with Union Gas and its control of Hamilton By-Product.

Cities Heating

Cities Heating Co. operates a central steam heating system in the business district of London on a 30-year franchise granted in 1928.

It has an issue of first mortgage bonds of which $139,000 were outstanding at latest reports. The original amount of bonds issued was $195,000. Security is the first mortgage on all properties and assets. Capital stock is privately held and no financial statements are made public.

In 1940 reorganization was effected whereby 1,000 preference shares of $100 par value were cancelled and holders thereof received from capital sums amounting to $54,680. At the same time 3,000 authorized unissued common shares were converted into 30,000 common shares without par value.

Montreal Coke

Gas and coke supplies in the Greater Montreal area are supplied by the Montreal Coke & Mfg. Co., which is jointly controlled by Montreal Light, Heat & Power Cons. and De Koppers Co. Actual distribution of the gas is handled through Montreal Power, while the sale of coke is handled through the company's own sales agency, LaSalle Coke Co.

Coke operations of Montreal Coke have been at capacity for some time past, production amounting to 1,000 tons of coke a day, or 375,000 tons a year.

For several years past Montreal Coke has been campaigning for greater use of coke in domestic heating.

Short of Supplies

This winter the company was unable to supply the demand for coke, due to greater than expected Government orders for coke for cooking and heating purposes in new military camps.

Other Products Important

Montreal Power no longer manufactures gas, but buys all its requirements from Montreal Coke. Last year gas production totalled 4,994 million cu. ft. This represented an increase of 2.56% over the year before.

In addition to coke and gas, Montreal Coke is an important producer of several by-products. It has a plant capacity of 3.5 million gals. of tar, 10 million lb. of ammonium sulphate and 1¼ million gals. benzol derivatives annually. The latter products are important war materials and there is a ready market for all the company can produce.

There is no longer any direct and public investment interest in the company. Last September the balance of the first mortgage serial bonds were retired. The outstanding long term first mortgage bonds are held privately.

City Gas

City Gas & Electric Corp. is one of the smaller utility enterprises in Quebec which, to date, has not been able to develop an adequate earning power. The company represents an amalgamation of a number of properties including an electrical distribution system in Yamaska County; an electrical and waterworks system at Amos; a waterworks system in Ste. Therese; a grist mill and factory at Huntingdon. Principal asset, however, is a franchise to manufacture and distribute gas in Three Rivers.

The capital outlay involved in connection with the latter enterprise and the inadequacy of working capital involved a capital reorganization of the company. This took place in 1939, since which time the financial statement has not been made public.

The most recent development in connection with the company's affairs was the application to the Quebec Legislature for permission to pay real estate taxation upon a fixed property valuation of $20,000 to the City of Three Rivers.

Manitoba Residents Set Pace In Use of Electrical Energy

Domestic consumers of electricity in Manitoba use more energy, on the average, than those of any other province in the Dominion. The last survey of the Dominion Government shows the average annual consumption per customer in Manitoba at 4,010 kw.h. This compares with 1,859 kw.h. per customer in Ontario and with the Dominion average of 1,393 kw.h.

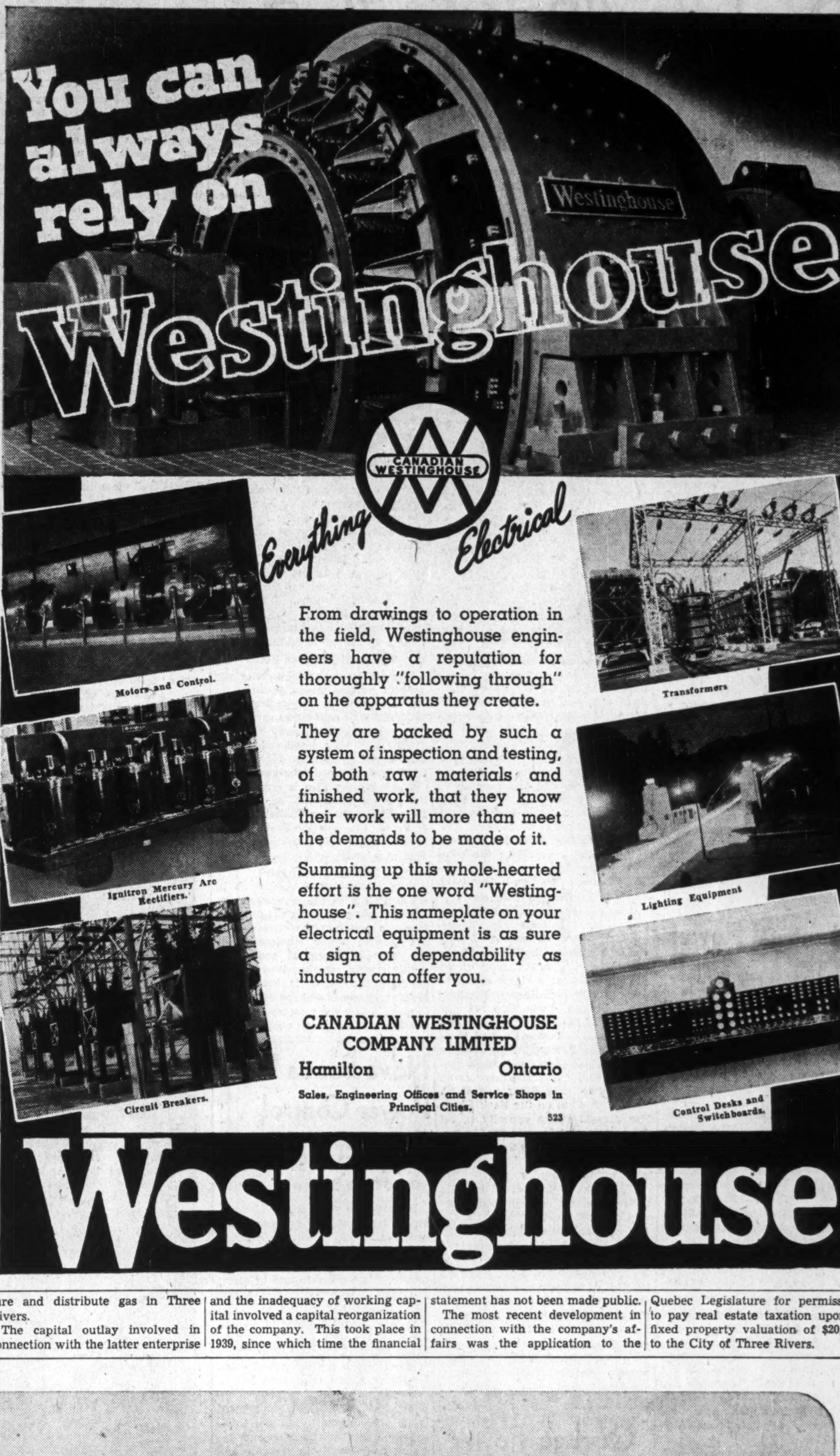
British Columbia ranked first in density of customers, Ontario second and Quebec third.

Taking the Dominion as a whole, 13.92 per cent of the population is served by electricity. In number there were 1,559,394 domestic electricity users in Canada at the beginning of 1939. Ontario accounted for the largest number, followed by Quebec and British Columbia.

Particulars of domestic electricity service in Canada are set out in the table below:

		Number of Customers	Average Annual Consumption		Consumption by Domestic Service	
	Total	Per 100 Population	Per Customer Kw.h.	Per Capita Kw.h.	% Prov. Consumption	% Dom. Dom.-Cons.
P. E. I. ..	4,799	5.11	537	27	36.6	0.1
N. S.	58,556	10.69	603	64	8.7	1.6
N. B.	43,556	9.79	582	57	5.7	1.2
Que.	421,178	13.28	682	91	2.1	13.2
Ont.	691,498	18.53	1,859*	245	22.4	59.2
Man.	77,762	10.80	4,010*	433	18.5	14.3
Sask.	48,060	5.11	813	42	25.5	1.8
Alta.	63,030	8.05	604	49	16.4	1.8
B. C.	150,955	19.73	978	193	7.5	6.8
Canada ..	1,559,394	13.92	1,393	194	8.9	100.0

*Influenced by use of electricity for water heaters.



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They are backed by such a system of inspection and testing, of both raw materials and finished work, that they know their work will more than meet the demands to be made of it.

Summing up this whole-hearted effort is the one word "Westinghouse". This nameplate on your electrical equipment is as sure a sign of dependability as industry can offer you.

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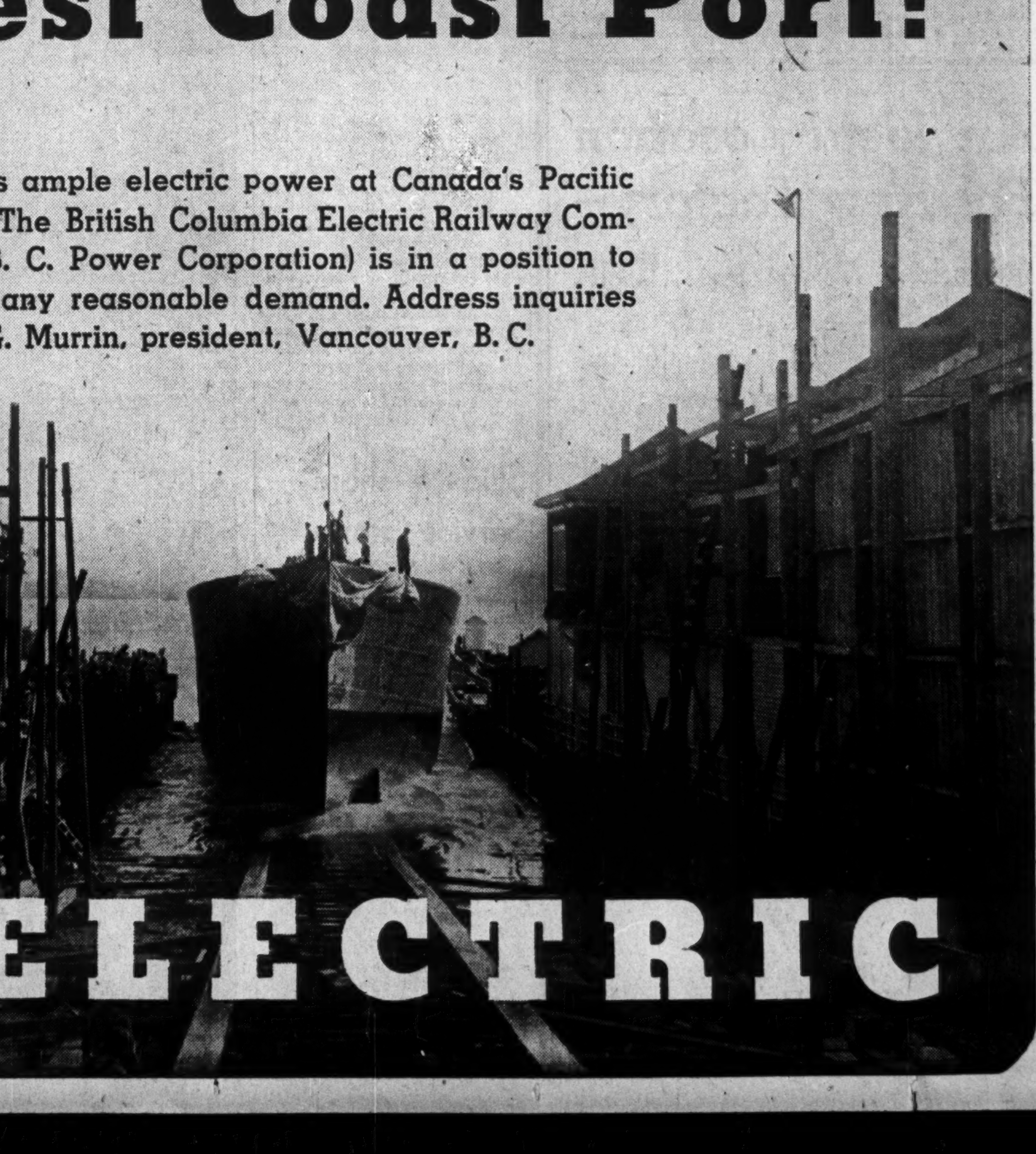


At a West Coast Port!

There is ample electric power at Canada's Pacific Coast. The British Columbia Electric Railway Company (B. C. Power Corporation) is in a position to supply any reasonable demand. Address inquiries to W. G. Murrin, president, Vancouver, B. C.

B. C. ELECTRIC

Quebec "Retailers" Services in Demand

Find Wartime Conditions Stimulating Urban Demand

Retail electrical utility operations in Quebec have undergone marked improvement. This betterment has been under way since 1936, but has been particularly pronounced since commencement of the war. Industrial production has expanded in practically every field; employment has been greater and the demand for electricity and gas services has been of record proportions.

As far as Quebec is concerned this improvement has been general throughout the province. In 1940 domestic demands for electrical energy amounted to 291 million kw.h., an increase of 4.9% over that for the previous year. Commercial sales totalled 287 million kw.h., a gain of 10.6% over 1939.

Bigger Dollar Revenue

Translated into dollars the sales of domestic energy last year brought the distributors $8.5 millions, or 4.6% more than in 1939. Revenue from commercial sales totalled nearly $7.7 millions, an increase of 7% over those for the preceding year.

The outstanding gain in energy sales last year, of course, was in the industrial field. Returns available do not separate the large and small power sales, so that it is not possible to comment upon the increase in volume of business handled by those systems generally classified as retail.

On an over-all basis, however, industrial sales last year at 7,480 million kw.h. were 29% greater than the year before. The dollar revenue from industrial power sales at $30.2 millions was up 13% over 1939.

Particulars of gas sales by the retail utility operators, for both industrial and commercial purposes, are not available. However, reports of the individual companies would indicate that there was a small increase in volume of business. This reverses the trend which has been apparent in other years.

Montreal Power

Electricity consumption in the Montreal area in 1940 rose to new high record levels, according to returns of Montreal Light, Heat & Power Cons., the largest privately owned utility in Canada.

Electricity output, exclusive of secondary power, totalled 1,315 million kw.h., compared with 1,213 million kw.h. the year before, an increase of 11.25%.

An interesting feature of the company's monthly reports of power sales is that demand is accelerating. In other words, increases in recent months have been substantially greater than reported say a year ago.

In the field of gas operations, Montreal Power reports an output last year of 4,994 million cu. ft., an increase of 2.56% over 1939.

The improvement in gas sales has not been carried forward into the current year, though the volume of business is roughly on about the same level as a year ago.

Operations are Centralized

Operations of the company centre on the Island of Montreal and the south shore of the St. Lawrence, but more particularly in the greater Montreal Metropolitan area, the most densely populated section in the Dominion.

Its operating returns are, in part, indicative of the general improvement which has been experienced by the utility industry over the past year. On the other hand it must be remembered that the Montreal area reflects in very large measure the national war effort and, with the possible exception of Halifax, its experience to date has probably been above average.

Taxes Keep Down Net

Reflecting the relatively sharp expansion in operations last year, earnings of Montreal Power recorded a marked improvement. However, this improvement was not reflected in the net earnings of the company. While gross revenue showed an increase of over $1.5 million, additional taxation accounted for $2.1 millions. This had the effect of leaving the company with a smaller net profit in 1940 than was the case in 1939 despite a record volume of business.

Because of the increasing and almost vital importance of taxation on the welfare of the utility companies, it is of interest to note the effect of taxation upon the revenues of this company. Taxes paid by Montreal Power last year amounted to $5.9 millions, or over $6,000 a day, and were equivalent to 22.25% of gas and electricity sales. The amount does not include Federal, Provincial and Municipal sales taxes on gas and electricity, which the company's customers are at present paying at the rate of over $1¼ million a year.

Bearing on Dividends

Taxation will undoubtedly have a bearing upon the company's dividend policy, at least for the duration of the war. There is no immediate prospect of an increase in the distribution. While the present dividend rate is being covered comfortably, the margin is such as would not permit of an increase in dividends because of the necessity of maintaining larger cash reserves to meet possible contingencies.

In considering Montreal Power it is necessary to consider the company's other and very extensive interests, mostly in the utility field.

Has Extensive Interests

As at present constituted Montreal Power owns hydro-electric generating stations at Lachine Rapids, Cedar Rapids and Soulanges on the St. Lawrence River; Chambly on the Richelieu River; a steam auxiliary plant at Ville LaSalle near Montreal and, through ownership of the majority of the stock of Beauharnois Light, Heat & Power Co. and Montreal Island Power Co., controls the entire output of hydro-electric generating stations at Beauharnois on the St. Lawrence River and at St. Vincent de Paul on the Back River. The present entire capacity of all these plants totals over 800,000 h.p.

The company also owns gas and manufacturing properties and controls of the Kopper Co., a by-product coke plant, located at Ville LaSalle, near Montreal, and operated by Montreal Coke and Mfg. Co. The company also controls all the power transmitted to Montreal by Shawinigan Water & Power Co. and the two companies jointly control the United Securities, which in turn controls Montreal Tramways Co., Canadian Light, Heat & Power Co. and other subsidiaries.

Aside from Government Bonds and other investments of a like nature, Montreal Power's interests are confined to the Province of Quebec.

Quebec Power

The second largest urban area of Quebec is supplied with utility services by the Quebec Power Co., controlled by Shawinigan Water & Power Co. This company represents a consolidation of a number of the utilities in the territory. Unification of these has taken time and as they have proceeded, the company has taken steps to put rates on a uniform basis. Progress made in this direction is apparent by the fact that since 1926 the Quebec Power has reduced rates seven times.

These reductions have affected earnings of Quebec Power, but a steady increase in consumption of electric energy has been an offsetting factor.

The conditions which have affected Montreal Power have also benefitted Quebec Power Co., though not to such a large extent.

Gain in Operations

Quebec Power provides the three major utility services in the Quebec area, namely, electricity and power, gas and transportation.

Power sales last year showed a healthy increase and the number of customers served by the company advanced 3.29% to 54,861.

Both business and industrial activities were on a higher level than for some time past and the primary power load on the company's system increased by 10.6%.

The improvement in sales of electrical energy was bettered by the gas division. Total sales of gas in 1940 were 326 million cu. ft., an increase of 14.3% over 1939. At the same time the number of gas customers increased to 10,558.

Transport Business Better

The greater industrial activity and general betterment in business in the Quebec city are reflected in the number of passengers carried on the company's tramway system. Traffic last year amounted to 18,642,088 passengers, an increase of 9.79% over the previous year.

The company also is engaged in the general transportation business through the Quebec Railway, Light & Power Co. For the first time in several years this subsidiary operated at a profit.

New Power Supply

One interesting development in connection with the company's operations last year, which is outlined in more detail in the coverage on the Quebec power wholesalers, is the new arrangement made for power supply. Quebec Power Co.'s generating capacity is inadequate for its own needs and the difference is made up by the purchase of 100,000 h.p. of electrical energy from the Saguenay Power Co. Because of the urgent war demands for additional power in the Saguenay area, arrangements were completed last year whereby the power received from Saguenay Power Co. would be replaced by an equal amount from the Shawinigan system. This involves construction of a new high tension transmission line from the Shawinigan system to Quebec City, which will give the company an alternative source of power in peacetime. Moreover this arrangement assures that the company will have adequate supplies of electrical energy to meet all possible demands arising out of the war.

Southern Canada Power

In the Eastern Townships area of Quebec the retail electrical utility services are largely supplied by the Southern Canada Power Co., which is affiliated with Power Corp. of Canada.

This is one of the most highly industrialized areas in the Dominion, and the advent of war naturally brought about a stepping up of production, increased employment, and greater demands for the services provided by the company.

In the 1940 fiscal year southern Canada's total power output showed only a small increase over that of the preceding year. What was more important, however, was that the demand for firm power recorded an increase of 15%. At the same time the number of customers served increased from 30,114 to 31,308.

Shortage of Water

One of the problems which confronted Southern Canada Power in the past year was the shortage of water. This necessitated a 60% increase in purchased power compared with the previous year. This added greatly to operating costs. From 1937 to 1939, purchased power ran between $125,000 and $150,000 annually, but last year this item jumped to $237,000. Prospects are for more favorable water conditions during the current year, which should result in lessened power purchases.

In the past few years the company has been spending a comparatively large amount in improving and extending its transmission and distribution facilities. Outlay along these lines in the 1940 fiscal year was in excess of $650,000. Several new transmission and distribution lines were brought into service, and equipment consisting of transformers, controls, and switching and protective apparatus and meters was purchased. The company has now in operation 562 miles of transmission lines and 670 miles of distribution lines.

Others in Field

An important operator in the Quebec retail field is the Shawinigan Water and Power Co. It supplies utility services on the south shore of the St. Lawrence and also on the north shore, particularly in the area centring on the St. Maurice River. The extent of these operations is detailed in the coverage on Shawinigan Water and Power Co., which appears under the grouping of "Quebec and Power Wholesalers."

Lower St. Lawrence

The lower St. Lawrence section of the province is provided with electrical services by the Lower St. Lawrence Power Co. This company has a small hydro-electric power development at Grande Metis Falls and distributes energy to Rimouski and nearly 50 other communities in the lower St. Lawrence area. In addition, power is supplied in bulk to Campbellton, N.B., under a 20-year contract.

There has been a moderate, though steady, increase in the operations of this company. The area is not highly industrialized, and the services are largely of a domestic nature. Less than 5% of the power sold is used for industrial purposes.

The company's customers number approximately 6,800, including 1,600 in Campbellton.

Like other utility companies, Lower St. Lawrence has been hit by the increased taxation. Power sales last year were $22,000 greater than in 1939, but increase in taxes of $7,000 and a higher reserve for depreciation resulted in lowering the net profits available on the capital stock.

Retail electrical utility services in the western part of Quebec—along the Ottawa Valley—are provided by Gatineau Power Co., one of the largest wholesalers of power in the Dominion. Its position is covered elsewhere in this issue.

Nova Scotia Plans Power Control

Plans Some Regulation As in Ontario, Quebec and New Brunswick

Nova Scotia plans wider Government control of hydro power in the province.

To that end the Power Commission Act is being amended. The new bill is similar to one in effect in Ontario, Quebec and New Brunswick, except that in those provinces it is set out that the new provisions are effective only for the duration of the war and one year after. There is no clause in the Nova Scotia bill providing for its termination.

Under the heading of "power control" the proposed amendment would give authority to the Commission, subject to Governor-in-Council approval, "to regulate and control the generation, transformation and use of power in the province."

The Commission would also have authority to: "Restrict or prohibit the supply or use of power to or by any person and divert all or portion of power to give priority or preference to any user of power in order to effect which is in the opinion of the Commission, the most economical, efficient and equitable use and distribution of power."

The province is faced with the problem of providing additional power, all the hydro-electric sites now being developed. In order to remedy the situation Nova Scotia plans construction of a large coal-burning plant at Stellarton.

Construction of this plant, which is to be one of the latest, and most up-to-date coal-burning plants in the world, is the first move in the new power programme. No particulars are available as yet as to its size or the capital cost involved.

Ship-to-shore Service Grows

Ship-to-shore radio telephone services on the Great Lakes and the Pacific Coast are growing at a rapid rate. Since the end of 1937 the number of vessels carrying radio-telephone on the Great Lakes has more than doubled.

This service permits the many vessels that ply up and down the world's greatest inland waterway to converse with their head offices and other shore points.

The Pacific Coast has even a greater number of coastal ships using radio-telephone.

The equipment for this ship-to-shore radio-telephone service is designed, manufactured and maintained by Canadian Marconi Co.

The shipowner pays the Marconi a flat fee monthly for the use of the equipment and once that is done he is no longer concerned with the equipment, except to use it.

This radio-telephone equipment is rugged and compact, so that it takes a minimum of space aboard ship. It is usually installed in the navigating quarters where it is immediately available to the ship's officers.

Complete Financial Service on

GOVERNMENT
AND
CORPORATION
SECURITIES

Inquiries Invited

A. E. AMES & CO.
LIMITED
Business Established 1889
TORONTO

Montreal Winnipeg Vancouver Victoria New York London, Eng.

An Ideal Location For New Factory—

SITE .... Level Land ... Good Soil.

WATER .... Unlimited supply for industrial uses.

POWER .... Reliable Service ... Reasonable Rates.

LABOUR ...... Plentiful supply of the finest help in the world.

LOW TAXATION — EXCELLENT TRANSPORTATION

Write to Industrial Manager

SOUTHERN CANADA POWER
Company Limited

355 St. James St. W.
MONTREAL, P.Q.

"owned by those it serves"

STELCO

Renders a
PUBLIC SERVICE

From Stelco's Open Hearth Furnaces comes Steel ... Steel for railways, street cars, busses, power lines, telephones ... Steel for common-place things like nails and bed-springs, carpet tacks and horse shoes ... and Steel, too, for the sinews of war, for guns and tanks and ships and shells. Stelco is rendering a Public Service. Steel is vital to Canada—in peace or in war — and Stelco's 8000 workers are proud of the part they play in serving their fellow-Canadians.

THE STEEL COMPANY OF CANADA, LIMITED

HAMILTON - EXECUTIVE OFFICES MONTREAL

SALES OFFICES: HALIFAX, ST JOHN, QUEBEC, MONTREAL, OTTAWA, TORONTO, HAMILTON, LONDON, WINDSOR, WINNIPEG, VANCOUVER

WORKS: HAMILTON, MONTREAL, TORONTO, BRANTFORD, LONDON, GANANOQUE

Prairie Operations Speed Up

Rising Tempo of War Work Reflected in Prairie Services

Utility operations in the Prairie Provinces did not undergo any marked change in 1940. In recent months, however, there has been a noticeable pick-up and, in the electrical utility field alone, consumption of energy is averaging about 5% over that a year ago.

Conditions which have had a very pronounced effect upon utility operations in Central Canada and the Maritime Provinces have been present in the West, but on a much smaller scale. Industrial operations in Winnipeg, Calgary, and other points have been stepped up to meet demand for war supplies and materials. On the other hand, purchasing power of the majority of the Prairies has not undergone appreciable change, so that commercial and domestic utility services have not experienced any material change from the usual trend.

While it is true utility services on the Prairies have not been able to report the same increase in operations as is the case in eastern Canada, still the outlook is that by the end of this year there will be a more marked expansion in all fields of utility operations. This will be due to the stepping up of not only industrial operations, but to the bringing into operation of several large war industries.

Winnipeg Electric

Winnipeg Electric Co., supplies most of the utility services in Winnipeg—the largest industrial area in western Canada. This company not only provides power and light, but gas and tramway services.

For the 12 months ended June 30, 1940, power output was slightly less than in the preceding year. There was also decline in the production of gas, but, curiously enough, the number of passengers carried on the tram system increased.

In the last half of 1940, operations improved. For the ten months ended last October, gross earnings were up nearly 5% and net revenues better than 5.3%. However, because of increased depreciation, taxation, etc., net profit before interest on the series B bonds was down 15%.

The final two months of the year showed an improvement, as during the current month the company announced authorization had been given to payment of interest at the rate of 4% on the series B bonds.

With the increasing tempo of the war effort in the Winipeg area, indications are that operations and revenues for the current year will show a healthy increase. The effect of the high taxation, however, is still indefinite and certainly precludes the possibility of any dividend action in the immediate future.

The company's tramway division has been a losing venture for several years past. At various times attempts have been made to secure relief and the system has even been offered for sale to the city. Now a new scheme has been put forward by the city.

It is proposed to give Winnipeg Electric a franchise agreement giving the company exclusive rights for the next 25 years.

The proposed agreement grants tax concessions to the company which in turn would undertake a five year plan of modernization involving more than $2 millions. The taxation plan calls for the company to pay 6% on gross earnings up to $3 millions and 4% on all earnings in excess of that amount. The present rate is 5% on gross earnings plus $66,000 annually—a property and vehicle tax.

The agreement includes a clause granting the city the right to purchase the transportation system at the end of 25 years.

Under the city charter the agreement must be approved by the city council and ratified by the Manitoba legislature.

Dominion Electric

Among the other privately owned utility companies in Saskatchewan, is the Dominion Electric Power Ltd., which furnishes electricity to 28 communities in Saskatchewan and one in Alberta. In addition, it supplies power to several communities in Saskatchewan at wholesale rates. The area served is chiefly in southern Saskatchewan.

This company has shown a steady increase in operations and revenues. The area served is not highly industrialized, but since 1936 gross revenues increased by more than 20%, while an even more impressive gain has been reported in net earnings.

Churchill River

In Saskatchewan, at Island Falls on the Churchill River, Churchill River Power supplies electricity for Hudson Bay Mining and Smelting Co. Ltd., Sherritt Gordon Mines Ltd., and through a subsidiary Northern Manitoba Power Co., provides power for the town of Flin Flon some 58 miles to the southeast.

Churchill River Power began operations in 1930 with an installed capacity of 42,000 h.p. Accompanying growth of the area it has gradually built up capacity to 90,000 h.p.

National Light & Power

Improved business in the Moose Jaw area served by National Light and Power Co. Ltd. resulted in the highest net earnings experienced by the company. Net earnings before income taxes and other interests, but after bond interest and depreciation amounted to $139,301 for 1940 compared with $123,259 for 1939.

The company obtains its power from a steam electric plant (new in 1939) of approximately 10,000 kw. capacity. In addition the company sells electricity at wholesale rates to Saskatchewan Power Commission and Montreal Engineering Co. for distribution at retail in neighboring villages and rural territories. The gain in earnings in 1940 was effected despite a decrease in rate charged to consumers.

Calgary Power

In Alberta, Calgary Power Co. is the principal utility operator. Its operations are not limited to Calgary as the name might imply, but are spread all over the province and through a subsidiary, the Prairie Power Co., to a number of communities in Saskatchewan. The company also has a substantial financial stake in Ottawa Valley Power Co., which owns and operates an important power plant on the Ottawa River, designed to supply energy to Ontario Hydro.

Neither operations nor earnings of the company have been spectacular. Yet over a period of many years, Calgary Power has recorded consistent growth with only one major setback, when Ontario Hydro temporarily cancelled its contract with Ottawa Valley and cut off the latter as a source of revenue.

Experience Better Conditions

Conditions throughout the territory served by Calgary Power Co., have shown an appreciable improvement in the last 12 months. Not only were crop conditions good, but industrially the territory has gone ahead in a substantial way. In addition, the growth of power services in the Turner Valley field has opened up a new and important source of revenue to the company.

The war has had a beneficial effect on the company's operations and earnings, but such an improvement will be much more marked by the end of this year.

Building New Plant

The Dominion Government has under way construction of a large chemical plant near Calgary. In order to provide the large amount of hydro-electric energy necessary for its operation, Calgary Power Co., has under way plans for the Lake Minnewanka dam and power plant project. This is scheduled for completion in the fall of this year.

The Lake Minnewanka development will create 23,000 additional h.p., thereby increasing the company's hydro power development on the Bow River to 92,000 h.p. This will assure ample power for the chemical plant and other war industries which may be established in the area.

Make New Agreements

During the past year, Calgary Power entered into two new contracts, one with the City of Edmonton, the other with the City of Calgary. The latter was entered into in 1937, though it did not come into effect until 1940.

Early last fall, the company made an agreement on interchange proposal, involving no cash payment by either party. The plan requires that the city (subject to meeting requirements of its own city users) shall supply any energy the company may need during low water season and the company to make return at other times while still operating its own plant.

The new contract with the City of Calgary went into effect last August. The city has agreed to purchase all its power from the company for ten years at .64 cents per kw.h. compared with the previous rate of .74 cents per kw.h.

The company continues to operate the city steam plant and be responsible for replacements and renewals, but since April 30, 1938 no rental has been paid to the city. The previous rental was $75,000 a year. The company undertook to erect a transmission line from its Ghost River plant to the city at a cost of $225,000 to provide power insurance service in case of breakdown.

The City of Calgary took over the distribution system of Calgary Water Power Co., a subsidiary of Calgary Power Co., on June 1, 1938.

The city further has agreed to reimburse the company for all taxes imposed by it and to pay other taxes according to revenue produced by the entire Alberta business as compared with the city's payments to the company.

Quebec Power Income Hits All-time Peak

Quebec's 29 principal electric power distributors have set several new records for 1940. Revenue received from sales within the province at $49.7 millions was up 9.8% over 1939, while revenue from export sales at $9.6 millions registered an increase of 6.3%.

These returns, the highest ever reported, reflect sharp increase in the industrial power demand. Commercial sales also registered a better than normal increase, while domestic sales advanced nearly 5%.

Primary energy sold in the province last year by the 29 distributors totalled 8,397 million kw.h. This not only represents an increase of 26% over that reported in 1939 but is the largest figure ever reported by the industry.

Comparative Production and Sales of Electric Energy in the Province of Quebec By the 29 Principal Distributors for the Years 1939 and 1940

	——Kilowatt Hours——		
	1940	1939	Change
Total production	15,838,855,794	15,228,242,039	+4.0%
Total sales	15,241,797,654	14,418,089,552	+5.7
Primary sales in Quebec	8,396,969,361	6,662,835,692	+26.0
Export sales (primary)	3,940,065,427	3,401,939,063	+10.9
Export sales (secondary)		251,615,129	
Secondary sales in Quebec	2,904,762,866	4,101,699,668	—29.2
Revenue Received from Sales in Quebec			
	1940	1939	Change
Domestic	$8,543,500	$8,164,875	+4.6%
Commercial	7,687,828	7,187,781	+7.0
Industry	30,177,436	26,710,189	+13.0
Municipal	1,793,647	1,736,579	+3.3
Transportation	1,218,711	1,227,824	—0.7
Wholesale to municipalities	337,337	284,375	+18.6
TOTAL	$49,758,459	$45,311,623	+9.8
Revenue Received from Export Sales			
	1940	1939	Change
Primary and secondary	$9,626,740	$9,058,641	+6.3%

Note:—As municipally owned systems do not fall within the jurisdiction of the Board, their sales and revenues are not included.

Come to
MONTREAL
City of Power

NO CITY in Canada is assured of a more abundant and reliable supply of gas and electricity than the great metropolis of the Dominion.

In fact this has been the principal factor which has made for the steady and consistent industrial growth of Montreal.

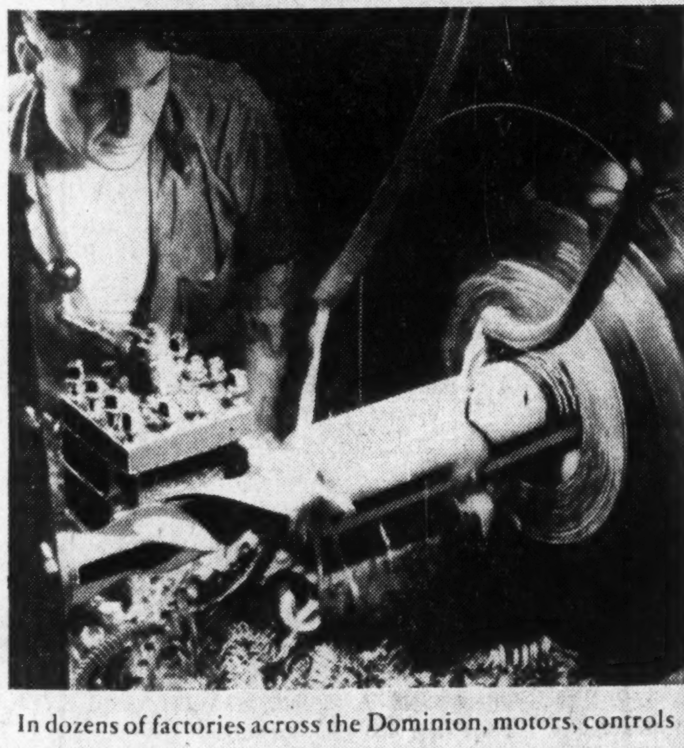
One of the greatest inland sea ports in the world, Montreal offers unique advantages with its extensive local market, unusual harbour facilities, railway communications, ample supply of skilled and unskilled labour. It stands as the leading industrial centre of Canada.

Come to Montreal, City of Power.

MONTREAL LIGHT HEAT & POWER CONSOLIDATED

GENERAL ELECTRIC Equipment ..

turns RAW materials into WAR materials

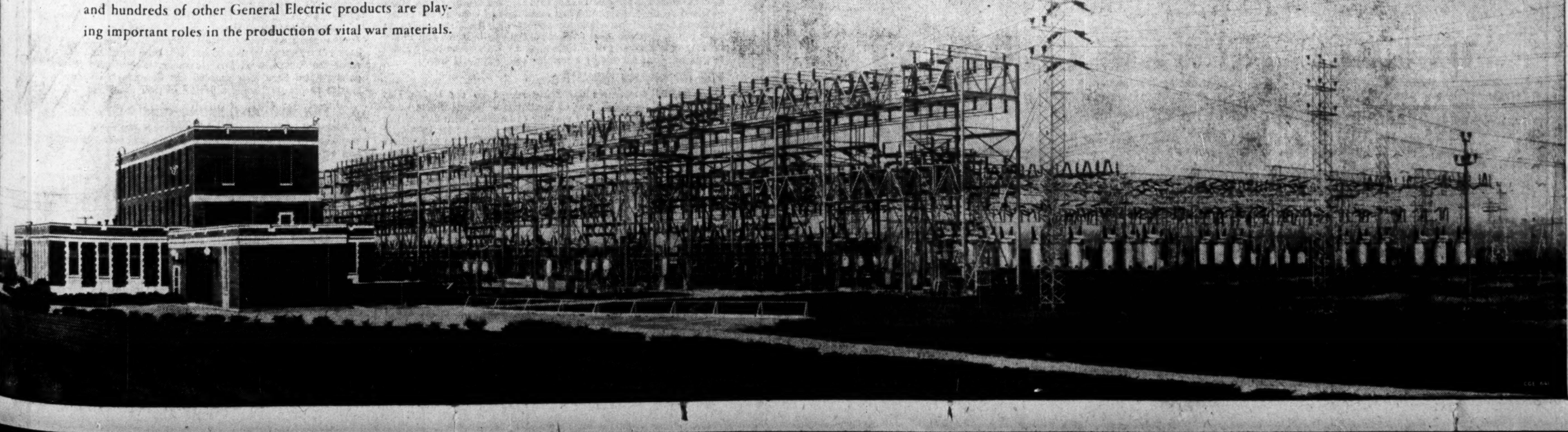


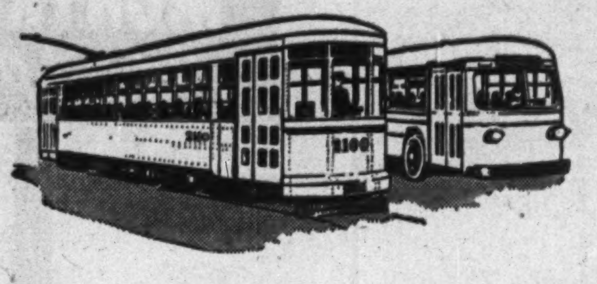
In dozens of factories across the Dominion, motors, controls and hundreds of other General Electric products are playing important roles in the production of vital war materials.

From generating plant to production line, equipment manufactured by Canadian General Electric is working at the biggest job in history—arming the nation for war.

Canada's vast resources of power are necessary to turn her wealth of raw materials into effective tools for war—or peace. To apply that power, a great amount of electrical equipment is required. The unequalled facilities of Canadian General Electric, along with a half century's manufacturing experience, have been turned to the task of supplying those urgently needed materials.

CANADIAN GENERAL ELECTRIC CO., LIMITED





VITAL TO THE WAR EFFORT

GREATLY increased employment resulting from war activity emphasizes the essential role of the Montreal Tramways Company's services in the national war effort.

Approximately one-third of all tramway passengers in Canada last year were carried by the Montreal Tramways Company — over 225,000,000 in all, about equal to the population of both American continents.

In serving these people, Montreal Tramways Company vehicles travelled 33,733,468 miles, or more than 3¼ times around the world per day.

A safe, efficient and economical means of transportation is an important part of the economic life of the city. Today, more than ever, Tramways routes have become vital "lines of communication."

MONTREAL
TRAMWAYS
COMPANY

By recent Federal Order-in-Council (November 13, 1940), Tramways are included in the services essential to Canada's war effort.

1941 is the eightieth year of public transportation in Montreal

---

Serving Nova Scotia

Dependable Progressive Service

NOVA SCOTIA LIGHT and POWER Company, Limited, serves the city of Halifax with electric energy, tramway transportation and gas.

In addition, either directly or through subsidiaries it supplies electricity in half the counties of Nova Scotia.

This company invites the further use of its facilities for industrial development and added comfort and convenience.

Nova Scotia Light and Power
Company, Limited
Halifax, N. S.

Electric Power

Mainspring of Industry

Canada marches on, and in the forefront, essential in every phase of the war effort, are the utility companies, supplying power and light for needed production.

Ninety-three years of gas service, fifty-one years of electric power service, and forty-four years of public transportation, is the record of Quebec Power Company, which now serves more than 65,000 customers with gas, light and power, in and around the City of Quebec.

●

QUEBEC POWER COMPANY

POWER BLDG. - - QUEBEC

BUY
WAR SAVINGS
CERTIFICATES
AND HASTEN
VICTORY

Serving Again!

in a Canada Geared for War

Once again, as in the last War, the Union Gas Company of Canada, Limited brings to Ontario, rapidly gearing her resources for war production, the efficiency and economy of a fuel that does vital work in industry and in the home.

GAS ENLISTS FOR SERVICE

All over Ontario men and women are shaping their activities towards war-time service. In industry, men are bending every effort to speed up needed supplies and munitions of war. In the home, women are practising economies, conserving food, seeking to do their job with heightened efficiency. Both in industry and in the home over a large part of Ontario men and women are being aided in this war-time service by a powerful ally—Natural Gas.

FOR HOME AND INDUSTRY

Over 60,000 consumers are being served by the Union Gas Company and its wholly-owned subsidiaries, Windsor Gas Company, Limited and City Gas Company of London, with natural gas for domestic cooking, heating and refrigerating or for industrial heat and power purposes for plants engaged upon the production of essential war supplies.

RENDERING A PUBLIC SERVICE

More than 400 natural gas wells feed gas into the Union Gas Company's 2,000 miles of pipe lines. These pipes, varying from 3" to 16" in diameter, carry this increasingly important source of heat and energy to the consumers served by this Company in Southwestern Ontario. Systematic research and exploration to locate new sources of natural gas have been conducted consistently since the inception of this Company. Progressive measures of conservation have also enabled the Company to render a vital service to the public for a period of over thirty years.

A CLEAN, EFFICIENT, ECONOMICAL FUEL

Mechanical improvements which enhance the use of gas both in home and in factory have made gas more than ever a clean, efficient and economical fuel.

UNION GAS COMPANY OF CANADA, LIMITED
CHATHAM; - - - ONTARIO
And Its Subsidiary Companies

Windsor Gas Company; Limited;
Windsor, Ontario

GAS

City Gas Company of London;
London, Ontario

STATISTICAL RECORD of CANADA'S PUBLIC UTILITIES

POWER

	Year	Operations: Electricity M. Kw.h.	Operations: Gas M. Cu. Ft.	Net Bonded Debt 000's $	Gross Income 000's $	Depreciation 000's $	Taxes Paid 000's $	Bond Interest Covered $	Share Profits Pfd. $	Share Profits Com. $	Com. D. V. D. $	Surplus After Charges $	Net Working Capital 000's $	Price Range Common Stock High	Price Range Common Stock Low	Current Price	Current Yield on Common %
									"A"	"B"	"A"			"A"		"A"	
B. C. Power Corp. *Includes $20,797,625 of subs. †6 Mos. to Dec. 31.	1940	636,897	1,444,700	*38,097	....	....	....	....	....	....	2.00	....	....	30	23	23¼	8.6
	1939	590,108	1,402,755	38,497	†8,065	†1,143	†973	1.92	1.04	0.04	2.00	†75,417	†1,084	29	20	....	...
Beauharnois Light, H. & Power *Deficit. †Beauharnois Power Corp.	1940	400	....	75,956	4,338	338	....	....	....	....	Nil	....	2,077	9½	9	9¼	...
	1939	....	....	75,956	3,944	280	....	....	....	....	Nil	*25,891	4,818	†7⅝	2¾	....	...
Calgary Power Co. *Provision for income tax.	1940	....	....	....	....	....	....	....	....	....	Nil	....	....	70	70	....	...
	1939	145,396	....	11,704	2,173	300	*129	2.11	8.62	4.32	Nil	151,153	582	82½	70	....	...
Canada Electric Co.	1940	....	....	1,300	....	....	....	....	....	....	Nil	....	....	....	....	....	...
	1939	18,650	....	1,300	169	....	....	....	....	....	6%	Not available		....	....	....	...
Canada Northern Power Corp. *Deficit.	1940	742,830	....	14,565	5,020	733	693	2.53	14.02	0.97	1.13	*45,820	2,638	18	8¾	7½	...
	1939	749,904	....	14,832	5,265	725	543	2.86	20.74	1.89	1.20	275,471	2,816	18¾	13½	....	...
Canadian Light & Power Co. *Income taxes paid.	1940	....	....	....	....	....	....	....	....	....	1.00	....	....	18¼	12	13½	7.4
	1939	....	....	2,778	430	90	*7,216	1.31	....	1.28	1.00	9,451	104	17¼	12½	....	...
City Gas & Electric *Year ended March 31. †Deficit before depreciation	1940	....	....	....	....	....	....	....	....	....	Nil	....	....	0.20	0.05	0.30	...
	1939*	....	....	496	38	....	....	....	....	....	Nil	†61,159	18	1.10	.10	....	...
Dominion Electric Power *$21,006 paid in 1939; $22,540 in 1938.	1940	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	...
	1939	....	....	768	487	86	17	Not available			*	61,651	59	....	....	....	...
East Kootenay Power †Excess of current liabilities over current assets.	1940	96,827	....	1,962	544	68	25	1.25	....	d2.34	Nil	....	†1,960	....	....	0.50	...
	1939	99,185	....	1,985	552	100	27	1.38	....	d2.34	Nil	....	†1,991	1.00	0.30	....	...
Eastern Light and Power	1940	....	....	1,000	....	....	....	....	....	....	0.80	....	....	....	....	....	...
	1939	....	....	583	442	42	....	4.66	....	10.44	0.80	....	....	....	....	....	...
Gatineau Power Co. *Includes provision for income tax. 5% pfd.	1940	....	....	....	....	....	....	....	....	....	0.80	....	....	16⅛	9	7⅝	10.5
	1939	3,018,590	....	80,050	9,421	1,200	*833	1.76	†15.82	†15.99	.80+.05	329,890	130	16¼	11	....	...
Great Lakes Power *Incl. inc. tax. †Excess of cur. liab. over assets.	1940	....	....	....	....	....	....	....	....	....	Nil	....	....	....	....	....	...
	1939	245,891	....	6,250	1,029	159	*98	‡3.08	26.77	4.94	Nil	154,062	76	....	....	....	...
Lower St. Lawrence Power	1940	....	....	1,401	367	86	33	1.57	2.66	d1.33	Nil	21,361	35	....	....	....	...
	1939		Not available	1,418	349	63	24	1.87	6.46	0.18	Nil	51,645	88	....	....	....	...
Maclaren Quebec Power *Loss	1940	....	....	21,886	1,469	250	....	0.98	....	....	Nil	*148,624	....	....	....	....	...
	1939	....	....	21,946	1,350	250	....	0.86	....	....	Nil	*269,660	....	....	....	....	...
Maritime Electric *Incl. inc. tax. †Excess of curr. liabs. over assets.	1940	....	....	....	....	....	....	....	....	....	...	....	....	....	....	....	...
	1939	....	....	....	521	54	*7	....	....	....	...	36,230	....	....	....	....	...
Montreal Island Power *Before depreciation.	1940	....	....	9,065	763	....	....	*1.19	....	....	Nil	96,737	†191	.25	.10	.30	...
	1939	....	....	9,065	763	....	....	*1.16	....	....	Nil	85,013	†277	1.50	.25	....	...
Montreal Light, H. & Power Cons. *Including funded debt of subsidiaries.	1940	1,349,543	4,994,458	*90,721	28,152	3,983	5,926	3.09	....	1.77	1.50	443,439	4,794	31¾	25	25½	5.9
	1939	1,212,127	4,869,763	*95,035	26,601	3,751	3,824	3.38	....	2.01	1.50	1,499,301	8,758	33	26	....	...
Nanaimo-Duncan Utilities *Sales for year ended June 30.	1940	*15,426	....	538	204	61	52	4.25	7.35	0.44	0.40	7,833	29	....	....	....	...
	1939	*11,613	....	547	179	56	29	3.59	6.41	0.51	0.40	5,284	55	....	....	....	...
National Light & Power	1940	34,783	....	2,448	645	92	....	2.07	....	....	Nil	....	....	....	....	....	...
	1939	30,361	Not available	2,476	600	93	48	1.93	....	0.69	0.21½	53,024	15	....	....	....	...
Newfoundland Light & Power	1940	....	....	2,836	674	....	....	....	....	....	...	....	....	....	....	....	...
	1939		Not available	2,584	671	100	....	....	Not avail.		8.00	Not avail.	....	....	....	....	...
Nova Scotia Light & Power †Excess of current liabilities over current assets.	1940	....	....	....	....	....	....	....	....	....	6.00	....	....	93	85	86	7
	1939	60,363	158,336	7,650	2,737	367	353	2.36	15.06	6.56	6.00	19,426	†234	95¼	92	....	...
Ottawa Light, Heat & Power *Deficit.	1940	....	....	4,639	1,012	348	273	2.56	10.40	0.65	1.00	*48,267	258	16	9¾	8¾	...
	1939		Not available	4,915	1,011	345	218	2.52	13.80	1.07	1.00	9,518	358	15½	14	....	...
Porto Rico Power *Excess of curr. liab. over current assets.	1940	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	...
	1939	Not available		1,838	1,119	2.50	...	5.27	50.58	14.53	8.00	195,795	*5.38	...	...	....	...
Quebec Power Co. *Deficit.	1940	....	326,086	12,419	3,519	450	448	2.96	....	0.95	1.00	*30,058	582	17¼	13	11½	8.7
	1939	234,388	285,309	12,579	3,306	450	345	2.73	....	1.13	1.00	74,506	566	19	15	....	...
Saguenay Power Co. *Includes income taxes prior to 1936.	1940	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	...
	1939		Not available	32,700	4,877	718	*608	2.30	26.06	4.89	4.50	82,911	129	....	....	....	...
Shawinigan Water & Power	1940	5,606,892	....	89,909	17,065	2,000	2,381	1.83	....	0.95	0.90	104,517	6,778	24¼	16	15	6
	1939	5,772,948	....	90,947	15,133	1,800	1,465	1.70	....	1.06	0.90	344,401	1,840	25	18¼	....	...
Southern Canada Power *Provision for income taxes.	1940	244,261	....	6,134	2,706	309	*325	4.85	10.92	0.87	0.80	29,136	2,578	15	9¼	10	8
	1939	241,785	....	6,412	2,420	281	*170	4.27	11.02	0.89	0.80	36,378	3,090	15	10	....	...
West Kootenay Power *Provision for income tax. †Revenue producing load.	1940	....	....	....	....	....	....	....	....	....	...	....	....	....	....	....	...
	1939	†189	....	8,473	4,015	.672	*611	7.51	327.88	26.25	25.00	76,410	4,670	....	....	....	...
Winnipeg Electric *On 4½% 1st mortgage bonds.	1940	....	....	....	....	....	....	....	....	....	Nil	....	....	2.63	.50	0.90	...
	1939	838,976	Not available	36,946	3,499	1,194	530	*11.02	4.36	0.03	Nil	458,032	1,486	3.50	1.00	....	...

GAS AND HEATING

	Year	Gas M Cu. Ft.	Net Bonded Debt $	Gross Income $	Depreciation $	Taxes Paid $	Bond Interest Covered $	Share Profits Pfd.	Share Profits Com.	Com. Dvd. $	Surplus After Charges $	Net Working Capital $	Price Range Common High	Price Range Common Low	Current Price $	Current Yield on Common %
Consumers' Gas Co. *Present rate $8.00.	1940	5,285,787	nil	7,271,118	....	....	...	....	10.85	*10.00	565,360	3,526,434	178	140	130	6.2
	1939	5,393,008	nil	7,310,115	....	....	...	...	11.95	10.00	794,766	3,653,918	183	150	...	..
Northwestern Utilities *Includes income tax.	1940	....	....	....	....	....	...	....	....	....	....	....	...	...	...	..
	1939	3,512,339	2,500,000	1,159,046	....	*166,273	3.54	24.11	....	2.50	33,392	123,502	...	...	...	..
United Fuel Investments *Year end. Mar. 31. ‡Inc. tax. *Deficit.	1940*	Not avail.	5,824,000	1,226,029	241,131	‡135,249	2.95	5.26	1.13	nil	203,300	1,511,093	...	...	...	..
	1939*	Not avail.	5,941,000	952,355	224,226	‡75,160	2.58	3.65	0.32	nil	*9,361	1,290,477	...	...	...	..
Union Gas Co. ‡Inc. tax. *Year end. Mar. 31.	1940*	....	4,668,500	2,463,851	541,796	‡262,000	6.81	....	1.60	.80+.20	423,978	1,375,024	17	12	12	8.3
	1939*	....	4,946,200	2,073,732	491,035	‡172,000	5.30	....	1.29	0.80	349,300	1,416,768	15⅞	11	...	..

COMMUNICATIONS

	Year	Telephones in Service	Net Bonded Debt $	Gross Income $	Depreciation $	Taxes Paid $	Bond Interest Covered $	Share Profits Pfd. $	Share Profits Com. $	Com. Dvd. $	Surplus After Charges $	Net Working Capital $	Price Range Common Stock High $	Price Range Common Stock Low $	Current Price $	Current Yield on Common %
Anglo-Can. Telephones	1940	....	nil	....	....	....	...	...	...	...	....	....	....	....	....	..
	1939	131,000	nil	691,627	....	11,824	...	7.15	0.73	0.60	88,081	520,728	....	....	....	..
Assoc. Tel. & Tel. *For nine mos. to Sept. 30.	1940*	....	11,781,000	716,585	....	....	1.22	0.74	...	nil	18,579	307,609	....	....	....	..
	1939	189,964	11,900,000	1,136,517	....	....	1.46	2.67	d0.77	nil	69,788	1,166,540	2	2	....	..
Avalon Telephone *Provision for income tax.	1940	8,703	....	....	....	....	...	...	...	1.75	....	....	....	....	....	..
	1939	8,555	800,000	271,202	49,544	*8,616	2.60	2.79	1.76	1.75	78	7,623	....	....	....	..
Bell Tel. of Canada	1940	824,700	75,433,054	46,383,532	7,897,443	5,445,000	4.17	...	8.15	8.00	165,862	930,537	169	130	154½	5.2
	1939	785,455	71,378,936	42,997,954	7,735,068	3,103,500	2.99	...	8.05	8.00	69,110	1,144,056	178	140	....	..
B. C. Telephone *Deficit.	1940	133,766	12,500,000	6,087,332	998,846	627,081	...	...	7.32	8.00	*30,472	490,542	....	....	....	..
	1939	127,852	12,500,000	5,829,933	940,411	417,688	2.64	71.99	8.67	8.00	29,931	2,202,362	....	....	....	..
Eastern Townships Telephone †Excess of current liabilities over current assets.	1940	Not avail.	nil	....	....	....	...	...	...	0.93	....	....	....	....	....	..
	1939	Not avail.	nil	100,843	13,854	4,625	...	...	1.53	0.72	8,586	†70,789	....	....	....	..
Farmers' Telephone	1940	Not avail.	nil	....	....	....	...	...	...	1.24½	....	....	....	....	....	..
	1939	Not avail.	nil	35,741	7,088	1,583	...	...	1.35	1.25	396	6,542	....	....	....	..
Maritime Tel. & Telephone	1940	46,618	3,500,000	2,331,694	358,554	454,033	3.64	2.91	0.86	.70+.10	25,242	203,437	17½	15	16¼	4.9
	1939	43,483	3,500,000	2,094,536	342,506	278,952	3.64	2.91	0.87	.70+.10	29,179	260,112	16	15⅞	....	..
Montreal Telegraph *Income tax reserve. †Deficit.	1940	....	nil	168,010	....	*35,000	...	...	...	3.20	†1,323	....	45	38	25	12.8
	1939	....	nil	167,775	....	*24,000	...	...	...	3.20	1,078	....	60	49	....	..
N. B. Telephone Co.	1940	34,109	nil	1,617,064	294,488	118,629	...	...	0.52	0.50	12,511	8,296	....	....	....	..
	1939	32,348	nil	1,489,007	284,321	53,694	...	...	0.51	0.50	8,696	207,260	....	....	....	..
Okanagan Telephone Co. *Including income taxes.	1940	Not avail.	642,000	222,395	34,674	*24,455	3.06	...	...	6.00	12,458	9,217	....	....	....	..
	1939	Not avail.	660,000	220,234	28,197	19,221	2.25	...	...	5.00	314	36,972	....	....	....	..
Quebec Telephone and Power *Before income tax.	1940	Not avail.	370,500	204,264	42,291	....	2.25	...	0.53	nil	*19,245	53,190	4⅞	4	4	..
	1939	Not avail.	376,000	188,706	35,610	....	2.30	...	0.61	nil	*22,256	70,765	5	4¼	....	..
Telephone Securities *Redeemed May 15, 1940.	1940	Not avail.	....	....	....	....	...	...	...	...	....	....	....	....	....	..
	1939	Not avail.	*879,000	140,680	....	14,547	2.41	...	...	...	17,483	....	....	....	....	..

HOLDING COMPANIES

	Year	Electricity M. Kw. h.	Gas M. Cu. Ft.	Net Bonded Debt $ 000's	Gross Income $	Depreciation $	Taxes Paid $	Bond Interest Covered $	Share Profits Pfd. $	Share Profits Com. $	Com. Dvd. $	Surplus After Charges $	Net Working Capital $	Price Range Common High	Price Range Common Low	Current Price %
Dominion Gas and Electric †Yr. end. June 30. *Deprec. and amort.	1940†	....	....	....	4,507,241	*427,750	....	...	9.55	0.41	...	....	756,216	....	....	...
	1939	22,714	10,479,137	4,243	4,453,906	*423,435	373,064	2.32	14.84	1.25	0.50	80,180	894,258	....	....	...
Foreign Power Securities *Deficit.	1940	Not available		1,789	75,283	....	....	0.50	d1.14	d2.86	nil	*56,913	....	.20	.05	...
	1939	Not available		1,906	96,080	....	....	0.64	d0.84	d2.74	nil	*42,019	....	.35	.15	...
Hydro-Electric Securities *Deficit.	1940	Not available		nil	....	....	....	...	....	....	...	....	....	2⅝	2½	...
	1939	Not available		nil	565,290	....	....	...	0.77	0.12	0.20	*116,641	....	4½	3	...
International Hydro-Electric *Includes purchased power. °N. Y. §Class A.	1940	....	....	....	....	....	....	...	....	....	...	....	....	°5⅜	1⅝	1½
	1939	*5,870,001	....	269,011	68,737,134	6,472,543	11,637,374	1.27	8.43	§0.82	nil	1,200,770	3,748,151	°8¼	3¾	...
International Power *And renewals.	1940	Not available		....	....	....	....	...	....	....	nil	....	....	6	2	2½
	1939	Not available		12,342	5,441,187	*938,977	....	...	....	....	nil	723,587	174,462	4¾	2	...
International Utilities *Of subsidiaries. °Class A.	1940	Not available		....	....	....	....	...	....	....	...	....	....	°11¼	4¼	°5
	1939	Not available		*20,099	7,088,823	642,617	874,761	...	6.81	2.39	nil	193,246	2,922,295	°10	5	...
Power Corporation *Years end. June 30.	1940*	2,559,307	2,225,344	9,766,700	1,774,987	1,200	72,882	3.05	19.03	0.79	0.30	83,569	....	11¼	5⅜	4½
	1939*	2,513,393	2,335,283	9,809,200	1,707,028	2,700	57,643	3.15	18.56	0.74	0.60	60,279	....	12¼	7	...
United Securities †Year end. Mar. 31. *Inc. tax.	1940†	Not available		4,255	373,088	....	*20,000	1.42	....	1.72	nil	87,987	....	5¾	2½	4¾
	1939†	Not available		4,362	488,085	....	115	1.95	....	4.48	nil	229,411	....	6½	4	...

TRAMWAYS

	Year	Passengers Carried No.	Net Bonded Debt $	Gross Income $	Depreciation $	Taxes Paid $	Bond Interest Covered	Share Profits Pfd.	Share Profits Com.	Com. Dvd. $	Surplus After Charges $	Net Working Capital $	Price Range Common High	Price Range Common Low	Current Price $	Current Yield on Common %
Brazilian Traction *Of subsidiaries. †Parent company.	1940	....	....	....	....	....	...	....	....	nil	....	....	10⅝	3¾	6⅛	...
	1939	978,561,798	*30,746,681	†9,777,950	....	....	...	2.329	1.30	nil	9,143,577	20,852,097	12⅝	5⅞	....	...
Jamaica Public Service *On old stock. †New.	1940	....	1,895,245	1,103,074	....	102,292	3.22	....	1.21	0.68	71,367	498,362	†14¼	12	....	...
	1939	....	1,924,324	994,458	....	74,170	2.94	27.53	1.09	*2.00	56,987	240,115	41	35½	....	...
Mexico Tramways *Loss.	1940	....	....	....	....	....	...	....	....	....	....	....	....	....	....	...
	1939	174,762,638	885,393	2,142,429	....	....	...	....	....	....	†549,984	572,317	....	....	....	...
Montreal Tramways *Deficit.	1940	225,764,051	....	....	....	....	...	....	....	6.00	....	....	59½	39	51	11.7
	1939	208,928,429	47,802,200	13,349,511	500,000	....	1.20		d0.06	6.75	*476,797	1,433,023	73	49	....	...
Ottawa Electric Railway ‡$1.20 paid in 4 install. of 30c. in 1940 from 1939 profits.	1940	Not available	2,100,000	1,601,798	239,903	190,000	4.33		2.85	‡1.20+.30	47,469	419,013	16¾	7½	16	9.4
	1939	Not available	2,240,000	1,357,194	235,761	32,200	2.75		3.54	‡	124,465	326,289	8½	4	16	...
Twin City Transit *Taxes assigned to oper. incl. fed. inc. tax.	1940	104,313,619	15,206,900	8,418,333	1,125,668	*854,190	1.27	3.72	d0.45	nil	111,583	1,689,423	2¾	1½	1½	...
	1939	104,388,147	16,009,400	8,451,431	1,092,131	*893,586	1..27	4.99	d0.27	nil	149,552	1,602,315	3¾	1⅝	....	...

Foreign Utilities Are Now Facing Grave Problems

At the end of the year 1940 it appeared Canada's ventures in supplying foreign lands with public utility systems had done more to benefit the outlanders than the men who provided the services. In the majority of cases the systems built by Canadians were functioning better than their designers could have hoped when the projects were initiated. Millions in foreign lands are riding on Canadian transit systems, talking over Canadian telephones, burning Canadian gas and electricity. But the Canadians who made all this possible are short on dividends, interest and capital repayments.

Least happy of the companies which have ventured outside Canada are those which have set up utility systems in Europe. Shareholders of Barcelona Traction have not had an annual statement of their company's affairs since 1935.

Equally uncertain are the interests of Foreign Power Securities in France, or of European Electric Corp. in Italy.

Brazilian Traction

Largest of Canada's overseas enterprises, the nearly $450 millions assets of Brazilian Light and Power Co. provide transportation, electric light and power, gas, water and telephones in the Brazilian cities of Rio de Janeiro, Sao Paulo, Santos and surrounding districts.

With its interests so inextricably allied to those of Brazil, the traction company's fortunes depend more on the rate of exchange on Brazilian currency than on its steadily expanding services within the country. Last year earnings, when translated into Canadian funds, were showing a downward trend in the first part of the year, owing to the ill effects of war on Brazil's exports.

Reversal of the downward earnings trend came with an improvement in exchange rates, with the result that from July on each month in 1940 showed an improvement over the corresponding 1939 month. At year's end, the total for 1940 showed a drop of only $200,000, subject to final adjustments, a decline of 1.03%.

Comparison of the services rendered in 1919 with those of 1939 show that passengers carried increased from 332 millions to 978 millions; electrical energy sales rose from 327 million kilowatt hours to 1,555 millions; gas sales have increased from 50 million cubic metres to 144 millions; telephones in use from 57,000 to 208,000.

Mexico Tramways

Operating the electric tramway system in Mexico City and vicinity, Mexico Tramways reported a decline in passengers carried in the latest year for which figures are available, 1939, when the company showed operating loss of $393,987. Conditions in 1940 were reported improved, largely as a result of the gain in the Mexican peso, which rose some four cents in Canadian funds to 22½ cents.

The company has had to face unregulated jitney competition in Mexico City for a number of years, but legislation effected in 1940 gave some promise of remedying this situation and of co-ordinating the transport systems.

As a result of the debt adjustment put through in 1934, the company is free of fixed charges. The only remaining substantial debt is the 5% non-cumulative income debenture stock outstanding to the amount of $885,393.

Mexican Light & Power

Mexican Light & Power Co. directly and through subsidiaries supplies light and power services to Mexico City and certain other areas with a total population of some 1.7 millions. In default since 1939 on interest payments, and since Feb. 1, 1940, on principal, Mexican Light's financial position contrasts with the physical earning power of its properties. Net earnings for the first 11 months of 1940 showed a gain of 25.4% over the corresponding period of 1939. In the past few years dry seasons have forced the company to use its steam plant extensively.

Plans for reorganization of the company have been under consideration for some time. These appear to be coming to a head with the appointment of a receiver for the company, announced in March, 1941. National Trust Co.,

Twin City Transit

Through subsidiaries, Twin City Rapid Transit Co. controls the entire street railway system in Minneapolis and St. Paul, and operates bus lines and certain suburban railway lines in the vicinity.

Operating expenses were higher in 1940, an increase of $46,224 in way and structure expenses being attributable to snow and ice removal during storms in 1940. Power expenses also showed an increase, largely due to the higher costs of coal.

The year's operations brought a reduction of some $31,000 in gross income and net profit was down some $38,000.

Th policy of substituting buses for street cars will be followed, D. J. Strouse, president, stated, in such cases where buses can handle the traffic without unduly increasing the number of units and where continuance of railway operations would require further capital outlay. In 1940, 25 new buses were purchased and 13 old ones retired, bringing the fleet to 141 buses. There were 7,325 miles of single track abandoned during the year.

Coast Utilities Report Expanding Services

Operations Now Reflecting Faster Industrial Pace

Conditions on the Pacific Coast have been and are favorable for the public utilities. Volume of business held up remarkably well during the depression years and recorded substantial recovery before outbreak of the war. Since then demand for all classes of service has expanded, though probably not to as great an extent as in some other areas of the Dominion. On the whole, however, the utility situation on the coast, from an operating point of view can be regarded as satisfactory.

In many ways operations of those companies in which there is an investment interest benefit by the fact that the population and industry are concentrated in a few and in each case relatively small areas. For example, British Columbia Power, through its subsidiaries, serves an area centring on Vancouver which holds most of the population and industries on the main land. In addition, the same company serves Victoria, which occupies much the same position on Vancouver Island as does Vancouver to the main land. In the interior West Kootenay Power serves the great mining enterprise of its parent company, Consolidated Smelters. East Kootenay handles the coal mines in the Crow's Nest Pass area; Nanaimo-Duncan the principal urban and industrial centres on Vancouver Island outside of Victoria.

A factor influencing operations and investor attitude toward the coast utilities in 1939, namely, the setting up of a regulatory body by the Provincial Government, continued to have its influence over the past year. While the new Provincial Utility Board has not as yet taken any steps detrimental to the operators, still there is a feeling of doubt and uncertainty which is reflected in investor attitude toward British Columbia utility securities.

Generally speaking, coast utility operations have shown a satisfactory increase over the last 12 months. This is indicated in the revenues of the principal operators. The gain, on an average, has been between 10% and 15% and even higher in one or two instances.

War conditons have had less effect upon the coast utilities than in Quebec or Ontario. Nevertheless they have been an influence of some importance, particularly to those companies engaged in supplying industrial power, or gas and tramway services, to highly industrialized areas.

B. C. Power

Through its operating subsidiaries, B. C. Electric Railway Co., B. C. Electric Power & Gas Co., Vancouver Power Co. and Western Power Co. of Canada, British Columbia Power controls largest utility system on the coast. It provides complete utility service — electricity, tramways and gas—to Vancouver and district. Further it has extensive operations in Victoria and other places on Vancouver Island.

Because of a change in reporting operations and finances to a calendar year basis, returns of the company for the past year will not be available for a while. However, the company issued a report for the last half of 1939 and, at the same time, gave comparative figures for the like period of 1938. This half year, which included three months of operations under war conditions, does give some idea of the effect of the war on the coast utilities and particularly B. C. Power's subsidiaries.

Services on Broader Scale

The number of passengers carried on the railway system in the last half of 1939 totalled 37.3 millions as against 36.2 millions for the like period of the previous year.

Freight traffic amounted to 178,164 tons, as against 132,365 tons in the previous year.

For the last half of 1939 light and power service was extended to 2,631 additional customers, while electrical energy sold amounted to 237.7 million kw.h., up from 229.6 million kw.h.

The number of gas consumers was maintained in the period while sales showed a slight increase of 659.8 million cu. ft. for the half year.

Add to Power Capacity

Operations of the company's subsidiaries have been steadily expanding and it has been necessary for the company from time to time to make substantial capital outlays, particularly on new power plants.

The company plans ultimately to carry out complete utilization of the Bridge River power programme, providing a maximum of 600,000 h.p. and involving expenditure of more than $25 millions. However, such figures have no place in discussion of the plans for the immediate future.

The present power plant is of a temporary nature, generating less than 5,000 h.p. which is consumed chiefly by the gold mines of the Bridge River area. Eventually Bridge River power will be brought to Vancouver and other coast centres by transmission lines.

The company's next step, it is expected, will be in the way of stepping up the power plant. Original capacity of the first unit was to be 50,000 h.p. To bring about substantial increase in present energy created at Bridge River would not cost a great deal.

During the year just past, the monthly interim figures indicated that B. C. Power's gross earnings were up around 7%. This was largely absorbed by increased operating expenses, but the expectation is that the annual report will show the "dividend covered."

West Kootenay Power

Next to B. C. Power, West Kootenay Power & Light Co. ranks as a major power utility on the West coast. For some time past this company has been carrying out a steady programme of plant expansion in order to meet the ever-increasing needs of the parent company.

Last year West Kootenay Power completed installation of two 25,000 h.p. turbines at the Upper Bonnington station. The work included the replacement of the old timber, rock-filled dam by a concrete structure.

Start New Project

After completion of the work at Upper Bonnington the company's construction equipment was moved to Brilliant, the only remaining undeveloped site on the Kootenay River down stream from Nelson. Work was commenced on the relocation of two miles of the Canadian Pacific Railway line. This site will provide power for an installation of 90,000 h.p.

Since commencement of the war, the parent company's operations have been on a capacity basis, practically all of its output being under contract to the British Government. As a result there has been demand for all the power that can be produced.

One of Major Systems

At its present stage of development West Kootenay Power ranks as one of the largest hydro-electric operators in the Dominion. In all the company has a total installed capacity of better than 275,000 h.p.

As previously mentioned, practically the entire output of the different plants is used to meet requirements of Smelters. In addition the company sells a small amount retail, but its operations and earnings are largely dependent upon the demand for energy from the parent company.

All of the funded debt of this company is held by the Sun Life Assurance Co. of Canada. The preferred stock is closely held, while common is all owned by Smelters. Financially the company has done very well and substantial and regular dividends are paid on the common stock.

East Kootenay Power

Nearby to the West Kootenay system is that of the East Kootenay Power Co., a subsidiary of Power Corp. of Canada.

This company supplies power and light throughout the southeastern section of British Columbia and southwestern part of Alberta. The urban areas served are relatively small and unimportant. However, the company has several big customers, including the Kimberley concentrator of Consolidated Mining & Smelting Co. of Canada and a number of gold mines in the Crow's Nest Pass area. There have been no major additions to plants for several years. Three plants are operated. They have an aggregate capacity of 35,500 h.p.

East Kootenay Power's record to date has not been particularly impressive. Currently the company is doing better and the financial statement for the year ended March 31, 1941, is expected to be the best produced in some years. Up to the end of January (the first 10 months of the fiscal year ends March 31), gross earnings were 12.30% ahead of those for the like period of the previous year, while net earnings showed an even greater advance—15.73%.

Nanaimo-Duncan

On Vancouver Island Nanaimo-Duncan Utility Ltd. has reported a consistent expansion in its operations and earnings. The company serves a population of approximately 16,000 in the territory covering the east coast of Vancouver Island, between Cowichan and North Wellington.

In the last year of operations reported by the company, power sales were in excess of 15 million kw.h. and represented an increase of 33% over the previous year.

Sales of electrical energy by the company, while comparatively small, have recorded a rather spectacular increase. In the last five years they have advanced by 400%. This has made it necessary for the company to build a 500 kw. addition to the Millstone power plant at a cost of about $70,000. The work was completed last year and the generator installed is designed for use during the winter months when more water is available than is necessary for the original installation. This installation increases the company's hydro-electric output by 40%. It still does not cover all of the company's requirements, some purchases being made through B. C. Power.

In addition to its hydro-electric operations, Nanaimo-Duncan also supplies the City of Duncan with water.

Ontario Hydro Takes Lead In Export of Energy to U. S.

Ontario Hydro exports more electrical energy to the United States than any other operator in Canada, according to the Dominion Bureau of Statistics. During 1938, the last year for which detailed statistics are available, Canada exported to the United States 1,826 million kw.h., of which Hydro is credited wtih 804 million kw.h.

Montreal Power's subsidiary, Cedar Rapids Manufacturing and Power Co., ranks second on the list, with exports to the States of 571 million kw.h., followed by Canadian Niagara Power Co., with a return of 407 million kw.h.

Eleven other operators had licenses to export energy to the United States in 1938, their collective exports being less than 80 million kw.h.

Company:	Produced for Export Kw.h.	Exported Kw.h.
Hydro Electric Power Comm. of Ontario	391,818,700	387,249,300
Do., (surplus)	424,102,100	417,251,923
Cedar Rapids Manuf. and Power Co.	597,471,540	570,817,684
Canadian Niagara Power Co.	421,646,600	371,864,078
Do., (surplus)	35,980,900	35,980,900
Ontario and Minnesota Power Co.	18,908,900	18,908,900
Maine and New Brunswick Electric Power Co.	18,144,981	17,515,863
British Columbia Electric Railway Co.	222,992	194,005
Northport Power and Light Co.	288,300	288,300
Southern Canada Power Co.	454,216	454,216
Canadian Cottons, Ltd.	431,140	431,140
Northern British Columbia Power Co.	29,850	29,850
Fraser Companies	4,412,000	4,412,000
Detroit and Windsor Subway Co.	279,600	279,600
Manitoba Power Commission	837,600	837,600
TOTAL	1,915,029,419	1,826,515,359
Kilowatt hours produced for export and exported by central electric stations only	1,910,617,419	1,822,103,359

Public Utility Investments

We have for thirty-eight years been identified with the financing of light, power and telephone companies.

Our current offerings include a number of public utility issues—in addition to Government, Municipal and Industrial securities.

Information on request.

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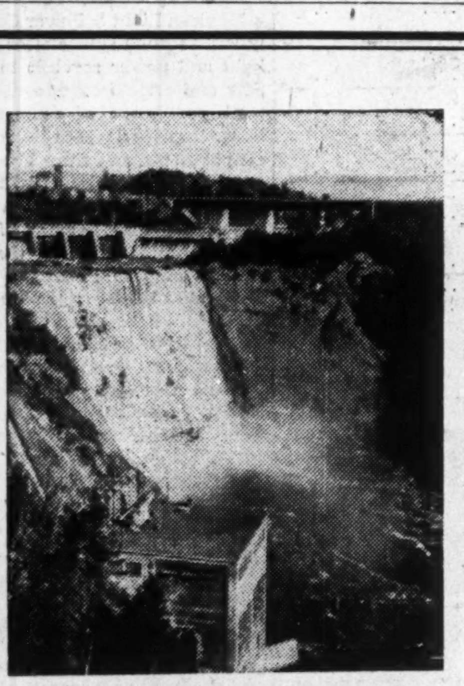


Supplying Service To 43 Communities

•

Serving a Population of 50,000

•

The Lower St. Lawrence Power Co. serves the south shores of the St. Lawrence River from Riviere-du-Loup to Matane, the Temiscouata district and the Matapedia Valley. Power available 9600 H.P. First class service available to all points of the territory through a 66 Kv. and a 33 Kv. transmission system.

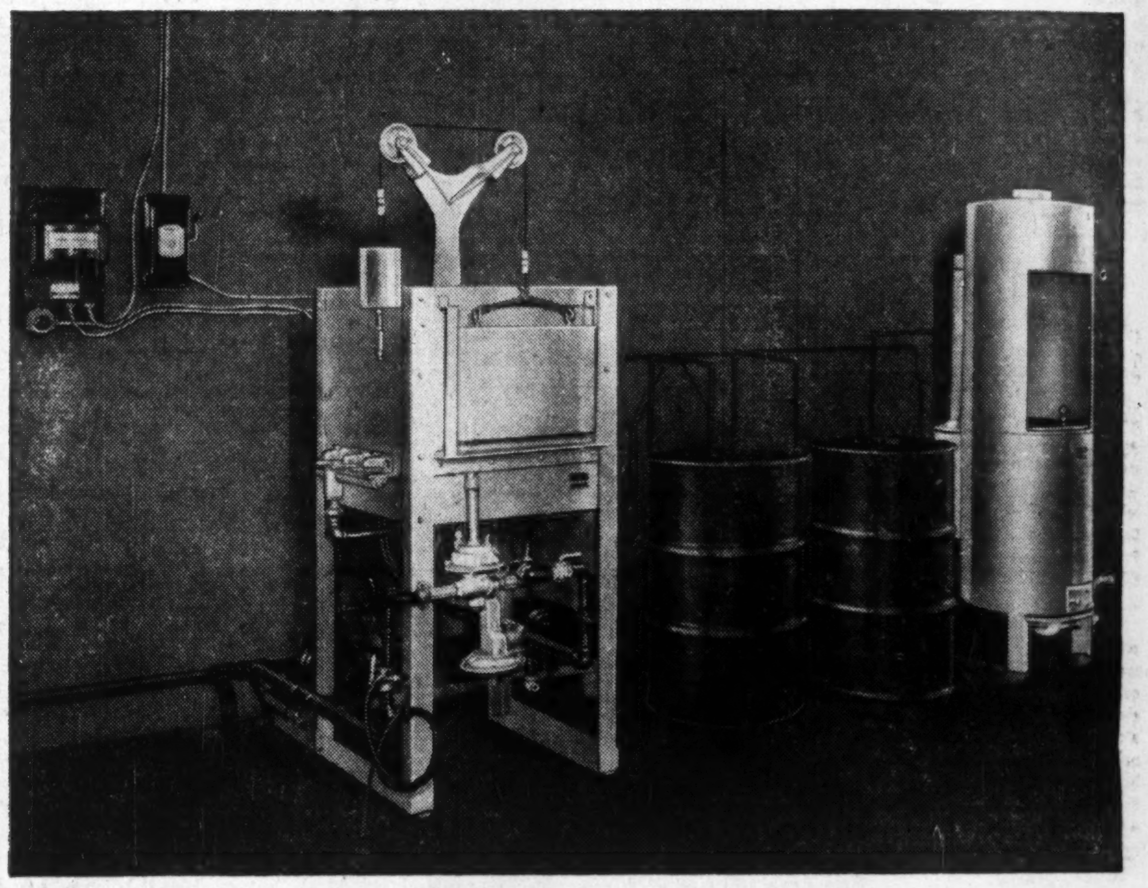
The principal towns served are Rimouski, Matane, Mont-Joli, Trois-Pistoles and Amqui.

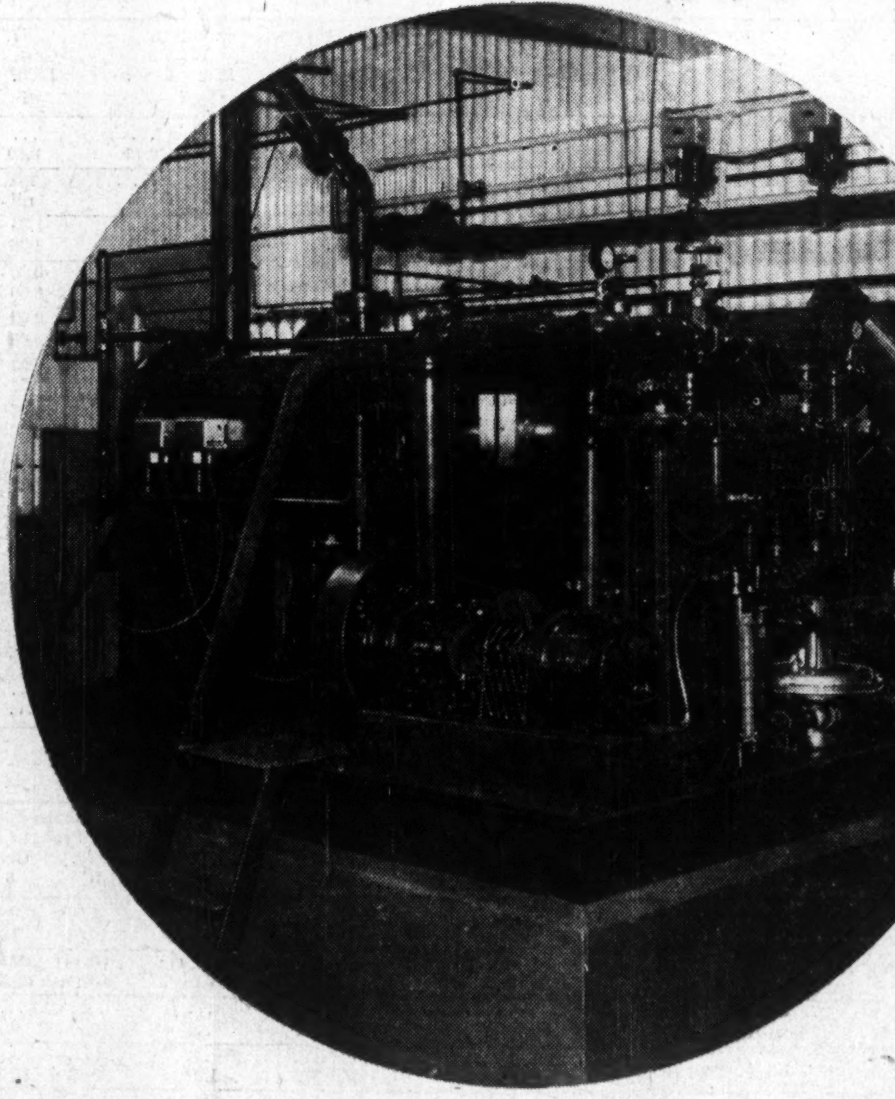
Rimouski, with its harbour accommodating ocean going steamers is the point of connection for Baie Comeau and other points on the North Shore.

LOWER ST. LAWRENCE POWER COMPANY
RIMOUSKI, P.Q.

THE QUICKENED PACE

GAS FURNACES FOR TOOL AND DIE MAKING





• The quickened pace of industry today has brought new demands for faster manufacturing processes . . . and GAS and Gas research have helped many plants to step-up production, to maintain and improve quality, to attain greater precision in manufacture and to cut over-all costs.

The illustration above shows modern gas-fired equipment in a Toronto shop. An oven-furnace on the left, a salt-bath furnace on the right. Both are fully equipped with automatic temperature control for accurate and dependable work on tools and dies.

Whether for munitions orders or for household needs, your Gas Company is always anxious to co-operate with you for improved working conditions and better and faster production.

GAS FEEDS FLAME AND QUENCHES FLAME

• Manufactured gas, the familiar heat-servant of Toronto industry, appears here in a less familiar role. At the plant of Canadian Industries Limited, Toronto, manufactured gas is burned and treated in the generator shown herewith. The resulting product of combustion is inert. It is free from oxygen. It will neither burn nor support combustion. It will quench flame.

This inert gas is valuable for "blowing" paints and varnishes and for excluding oxygen from contact with them. Its use eliminates "skinning" of paints and varnishes in storage. Inert gas can also be used, when necessary, to extinguish fire.

THE CONSUMERS' GAS COMPANY OF TORONTO

Holding Companies Interests Widespread

Taxation is Big Problem For Investment Trust Type

Utility "holding" companies found in Canada are not, strictly speaking, holding companies. There are two classes—the utility investment trust type of company and the holding management company.

Fortunately, Canada's public utility industry has been particularly free of the evil which beset the American utility industry—pyramiding of interests.

The trend in Canada has been the building of strong, well-managed operating companies in each area Where a number of small companies operate in the same district, the tendency has been toward consolidation, as the major work was completed some time ago.

As a result the Canadian field has been divided into a number of clearly defined areas in each of which one company dominates, or more often than not controls, all the utility services.

Prospects Only Fair

The position of the holding companies at present is rather a confused one. Naturally their revenues are dependent upon income from their holdings. While the operating units in many areas have shown very substantial gains, still the heavy increase in taxation has tended to keep net profits down. In some instances, the gain in gross income has been wiped out. Consequently, there is little prospect of increased revenues from dividends. in fact, it is more than likely that the declines in dividends will offset the gain.

There is little the companies can do to improve their position. Under a wartime economy, the utilities, while performing a very essential function, nevertheless are often hardest hit.

Power Corp.

Outstanding among the Canadian holding companies is Power Corp. of Canada, whose interest extends across the Dominion.

Through controlled or associated companies, Power Corp., is represented in Quebec, Ontario, Manitoba and British Columbia. Moreover, it has a substantial interest in a number of other enterprises in the Dominion and, through Foreign Power Securities, has important holdings in a number of French utilities.

Power Corp. of Canada does not publish a list of its investments, so that it is difficult to make an adequate analysis of its position. However, the company is known to have a controlling interest in East Kootenay Power, Canada Northern Power, Northern B. C. Power and Foreign Power Securities. Further, it has substantial investments in affiliated companies, such as B. C. Power, Winnipeg Electric and Southern Canada Power. Over 68% of its investments are in the subsidiary and affiliated hydro-electric companies.

Reduction in Dividend

Operations of the companies in which Power Corp. is interested have been quite satisfactory during the current year, but the effect of the heavy increase in taxes is seen in the dividend action taken by the directors.

At the end of 1940 directors declared a dividend of 15 cents a share. For the past three years semi-annual dividends at the rate of 30 cents a share have been paid. The current reduction was due, according to an official statement, to payment of American exchange on the company's outstanding debentures and increased taxation.

Foreign Power

Among Power Corp. of Canada's holdings is a controlling interest in Foreign Power Securities. This company was formed in 1927 as a holding company. Its capital of more than $10 millions was invested in French utility securities, the principal investment being in L'Energie Industrielle and Energie Electrique Rhone et Jura. Moreover, the company has a stake in many other French utility properties which serve a very considerable area of France.

The fortunes of this company have been hard hit. In the first place, the depreciation of the French franc affected revenues of the company. Secondly, enemy occupation of the greater part of France involved a number of companies in which Foreign Power Securities has a substantial stake.

Whole Situation Confused

Directors of Foreign Power Securities have little knowledge of where the company stands in relation to its investments in the German occupied area. Other investments in the "free" area of France are of little immediate value to Foreign Power Securities, inasmuch as the companies concerned cannot send funds outside the country, though in some cases dividends have been declared.

The situation in Europe is such that it will be some time before the company can determine the value of its investments in the occupied and "free" areas of France.

Because of war, Foreign Securities found it necessary before the fall of France to defer bond interest. The action of the board was not altogether unexpected. At the time bond interest was paid on September 1, 1939, the bondholders were informed. "If, however, present conditions continue, it will no doubt be necessary to defer future payments of bond interest."

United Securities

United Securities is one of the major purely holding companies in the Canadian utility field. This company, which is controlled by Shawinigan and Montreal Power, in turn controls Montreal Tramways Co., and Canadian Light and Power Co.

The position of United Securities is somewhat uncertain. Ability of the company to service its obligations depends upon revenues from stock holdings in Montreal Tramways Co. On the basis of the present Tramways dividend, United Securities can cover expenses and bond interest with a margin of around $100,000. This surplus is more than sufficient to cover sinking fund requirements on the bonds, but is not sufficient to allow for any distribution on the capital stock.

The outlook for United Securities depends upon the outcome of Montreal Tramways' affairs. With respect to Tramways, the company's contract with the city, entered into in 1918, is now under investigation by a commission appointed by the Provincial Government.

The commission has not as yet made its report; public enquiries are still being held. It is impossible to forecast what the commission will report. A reduction in revenues to Montreal Tramways under the contract, naturally, would have a bearing upon the company's ability to maintain dividends and in turn upon United Securities' ability to service its obligations.

Bond Maturity Problem

Linked with the investigation is the Tramways Co.'s problem of getting around the maturity of its first mortgage bonds. Because of war conditions, and the closing of the United States money market to Canadian corporations, Montreal Tramways will not be able to carry out refunding operations in that country. Moreover, the domestic market is not capable of absorbing such a large issue—more than $20 millions. Indications are the company will seek an extension of the maturity of the bond. A Bondholders' Protective Committee is in process of formation, and by mid-year a compromise plan will be made public.

Notable among United Securities' other holdings are $1.3 million of bonds of Canadian Light and Power and shareholdings not only in that company, but in Montreal Power, Quebec Power, and Shawinigan. These other investments contribute some revenue to United Securities, but the amount involved ranks secondary to that received from Montreal Tramways.

Hydro Electric Bond

Hydro-Electric Bond and Share Corp., the third company in this field, was formed in 1927. It is controlled and managed by interests closely identified with Montreal Light and Power Cons.

Aside from $3.5 millions of collateral trust bonds sold to the public, capital for this company was subscribed privately.

Despite public interest in the bonds, no financial statement has been issued to date by the management. Consequently it is impossible to comment on the current position. However, interest charges have been paid promptly while the sinking fund on bonds has been kept up to date.

Hydro Securities

Hydro-Electric Securities Corp. is an investment trust of the management type, specializing in securities and public utilities in various countries of the world. In recent years, however, it has broadened its interest to include a number of miscellaneous and industrial securities, as well as railway and government bonds.

The record of the company, as applied to earnings, has been satisfactory. While other enterprises of this type have had to forego dividend payments, Hydro-Electric Securities has consistently been able to earn sufficient to cover dividends on its Class B preferred stock, and a small balance available for the common.

The company was formed in the fall of 1926 by the late Alfred Lowenstein, the well-known Belgian financier. While head office and management are located in Canada, there is a very substantial foreign interest in the company, control resting with English and Belgian interests.

Int. Power

International Power Co. is one of the more important Canadian holding companies with interest in utility organizations outside the country. Its subsidiaries are spread over a wide area, ranging from Newfoundland to South America. It is believed the war will not have any detrimental effect upon operations or earnings of the subsidiaries. It is worthy of note that revenues of the operating units are in the currency of the country in which they operate, a factor of importance to the parent company.

The position of International Power Co. has slowly but steadily improved in recent years. This is reflected in the payment in 1940 of dividends totalling $6.50 a share on the $7 preferred, against $6 a share in 1939. At present arrears of dividends on the 1st preferred stock amount to $31.25 a share.

Through subsidiary companies, International Power carries on operations in Newfoundland, Puerto Rico, Mexico, Bolivia, San Salvador and Venezuela.

Investment interest lies in the debentures, preferred, common stock of International Power and in the senior securities of Newfoundland Light and Power, Bolivian Power, Demerara Electric and Puerto Rico Power Co.

A better picture of International Power and its utility "empire" can be had by a brief review of the position of each of the operating subsidiaries.

Newfoundland Power

Operations of Newfoundland are carried on through the Newfoundland Light and Power Co. This is not only one of principal holdings of the company but one of its most profitable. The company operates electric lighting, power and tramway services at St. John's, serving a population of approximately 40,000.

There has been no spectacular growth in the services of Newfoundland Light and Power, but earnings have shown a tendency to steadily increase over a period of years. Last year the company entered into a new contract to supply power to Dominion Steel & Coal Corp. for the operation of its Belle Island iron mines. This contract, for a period of 15 years from July 1, 1941, is of considerable importance to the company.

At present Newfoundland Power has under way construction of a 5,700 h.p. hydro-electric plant at Tors Cove. The expenditure of this unit runs well in excess of $500,000 and will assure the company of an adequate supply of power for some time to come.

Direct public investment interest in Newfoundland Light, Heat & Power is confined to the first mortgage and general mortgage bonds. All of the common stock is held by the parent company.

Porto Rico Power

Ranking next to Newfoundland in Power is Porto Rico Power Co., which serves San Juan, capital and largest city of Porto Rico, and numerous other municipalities on the island with electric light and power. The company also operates a tramway system in San Juan and suburbs, together with a steam railway connecting the terminus of this tramway at Rio Piedres with Caguas, 18 miles distance.

The company has been a substantial profit maker, paying a dividend of $8 on the common stock for some years past.

Porto Rico Power has had a little difficulty in recent years opposing a move to set up a publicly owned rural electrification system.

In 1938 a petition of the company to restrain the power plants of the Insular Government and the Reconstruction Administration from supplying electricity to municipal buildings in San Juan was denied by the Federal Court. The company gave notice of appeal.

In the spring of 1939 Porto Rico government passed legislation to enable it to enter negotiations for the purchase of Porto Rico Railway. The legislation was subsequently shelved and nothing further has been heard on the matter.

Two years previously the Island Government purchased the Ponce Electric Co., the island's second largest electrical utility with the aid of the U.S. Government.

Demerara Electric

Demerara Electric, another of International Power's holdings, does all the electric lighting and power business in Georgetown at Demerara. It also holds a contract for supplying power to the city's water and sewage systems. It formerly operated a tramway service, but this was discontinued 10 years ago.

Operations and earnings of the company have shown relatively few changes in recent years. However, it is noted that gross income has moved up slowly, as also has the net profit. However, it has not yet developed into anything like an important source of revenue for the parent company.

Bolivian Power

International Power's operations also extend into Bolivia where it operates the Bolivian Power Co. The latter operates the light, power and tramway and telephone utility in La Paz, the principal city of the country. It also supplies light and power to the town of Viacha, as well as operating a hydro-electric development at Miguilla supplying energy to Oruro and surrounding mining districts.

Extent of growth is not known definitely, as Bolivian Power has not issued a financial statement since 1930. However, between 1925 and 1930 gross earnings of the company more than doubled.

Nearly 80% of the common stock is owned by International Power Co., but no dividends have been received on this holding since 1929.

Among International Power's other interests are San Salvador Electric Light Co., which operates light and power services in San Salvador and 33 adjoining municipalities in the Republic of Salvador; the Oriente Electric Co. in Salvador; and the Monterey Railway, Light & Power Co. in Monterey, Mexico.

Mention should also be made of Venezuela Power Co., which operates the light and power business of Maracaibo and Barquisimeto, Venezuela.

Jamaica Public Service

Among the other utility interests which Canadians have outside the Dominion is that of Jamaica Public Service Ltd., which, through the operating company of the same name, supplies utility services on the Island of Jamaica. This enterprise has developed along very sound lines. At times its progress has been rapid.

At this time it is a little difficult to appraise the company's position. The prosperity of the island, and in turn rate of business activity, depends upon ability to export the island's natural products such as sugar, bananas and other products of a like character. War conditions naturally have disrupted markets, shipping facilities, etc.

Revenues of the company are in sterling and dividends are paid in Canadian funds. Exchange is a matter of some concern to the company. However, the management protected the company in this regard; it now has sufficient exchange to take care of immediate dividend requirements.

Toward the end of last year the company paid off the balance of notes payable, which were assumed in 1939 when the company borrowed about $311,000 as a hedge against exchange fluctuations.

Change in Capital

One interesting development in connection with the company's affairs was the increase in the capital of the operating subsidiaries from $2.5 millions to $3 millions. As a result 21,370 shares, par £1, of the 5% cumulative "C" preference stocks were cancelled. In their place the company issued 124,109 shares, par £1 of new 5% cumulative "D" preference stock.

The new preference shares rank equally with the 7% cumulative preference "B" and the 5% cumulative preference "C" shares both as to dividends and repayment of capital, due regard being given to the higher dividend rate on the "B" stock.

Buy War Savings Certificates and War Savings Stamps

CANADA'S great hydro-electric developments which turn the wheels of thriving industries are financed by the issue of bonds and capital stock. This Old Canadian Company is equipped to engrave such securities promptly and efficiently.

BRITISH AMERICAN
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262 Wellington Street

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1110 Montreal Trust Bldg.
TORONTO

New Brunswick Operations Active

Utility operations in New Brunswick have expanded at better than average, primarily because of the increased industrial demand arising out of war activities. At the same time, with commercial and domestic operations on a broader scale, the public utility picture in New Brunswick is more encouraging now than it has been for some years past.

Throughout the past year there was a steady rise in production and distribution of electrical energy. This upward movement was carried forward into 1941. Last January net consumption of electrical energy amounted to 41,575,000 kw.h. This contrasts with 35,749,000 kw.h. for the same month a year ago. In addition, there was a relatively substantial use of secondary power, so that total power consumption in the province last January was 45,471,000 kw.h., compared with 36,124,000 kw.h. for the like month a year ago.

N. B. Power

The Saint John area is served not only by the civic-owned system, but also by the New Brunswick Power Co. The latter provides electric light, tramway and gas services in the City of Saint John.

The quickening of activities in this area has been of such an extent that the financial statement for 1940 is expected to show the company operated in the black — the first time in some years.

Competitive conditions between the company and the civic system still exist. Rates are low and in the past year neither the company nor the municipally owned system secured a revenue commensurate with investments. However, because of the change in the economic situation, the volume of business available through the two systems has been considerably greater and, as a consequence, competition has lessened.

Would Sell System

For some time attempts have been made to dispose of the company's power and light distribution system to the city. These negotiations have not been broken off, but are in abeyance. An amalgamation of the company's system with that operated by the city would make for greater economy.

If the company is unsuccessful in having the city take over the distribution system, it plans eventually to go ahead with a scheme to enlarge the capacity of its steam power plant.

This month the city made an initial move toward purchase of the New Brunswick Power Co.'s distribution system—the physical assets of the electric light and power service in Saint John, including all such tangibles as wires, poles and other facilities and customers' contracts, but excluding the generating plant itself.

Purchase of the system by the city would eliminate a competitive system which has been costly both to the company and the city. It would further enable the company to concentrate on the production of electricity and operation of the tramway system. There is a possibility, however, that if the deal with the city goes through, the generating plant may be sold to the New Brunswick Power Commission.

Gatineau Power

Gatineau Power Co. is the principal wholesale producer of power in the province. Its operations have been at or near capacity for some time. They have not been greatly affected by war conditions. The plant was originally designed to supply the needs of the New Brunswick International Paper Co., and Fraser Co. Over and above these requirements there is a small surplus of capacity which has been used to meet the needs of the municipality of Dalhousie and other small purchasers.

Moncton Electric

In the Moncton area conditions have assumed almost boom proportions since the war started. Moncton is an important railway centre on the main line of the Canadian National from Montreal to Halifax and is also an industrial town of some importance.

The power and gas services in the area are supplied by the Moncton Electricity and Gas Co., which obtains its power supply indirectly through the New Brunswick Electric Power Commission.

Moncton Electricity is one of the utility properties acquired a little over a year ago by the Hon. F. B. McCurdy, of Halifax, from the Central States Power and Electric Corp. In addition to the Moncton utility, Mr. McCurdy controls the Eastern Electric and Development Co., which operates a small steam power plant at Sackville and distributes energy in Sackville, Middle Sackville, and Upper Sackville. This company also secures part of its power supply from the Canada Electric Co., at Maccan.

Another unit in the McCurdy utility set-up is the Maritime Coal, Railway and Power Co. Maritime Coal is a holding rather than an operating company.

As a group the McCurdy properties have shared in the increased economic activities and their statements for 1940 are expected to show a considerable broadening in power and other sales.

Maritime Electric

The other principal power utility in New Brunswick is the Maritime Electric Co., which provides electric light and power facilities to 13 communities on Prince Edward Island and in New Brunswick. Power on the Island is derived from a steam plant, while on the mainland energy is purchased from Canadian Cottons Ltd., and the New Brunswick Power Commission.

Distribution is fairly general in Prince Edward Island, while in New Brunswick the company supplies Fredericton, St. Stephen, Milltown, St. Andrews, Devon and six other centres.

HYDRO POWER
MEANS SEA POWER,
LAND POWER AND AIR POWER

Modern, electrically-driven tools speed Ontario's production of trim corvettes for the British Empire's expanding fleets.

Giant electric furnaces turn tons of scrap metal into molten steel for the heavy guns of the Canadian Army and Navy.

In countless ways electricity aids in the production of planes for British Commonwealth Air Training Plan.

SHELLS and ships . . . tanks and trucks . . . grenades and guns and fighting planes . . . more and ever more their numbers mount as Ontario industry pours them out for the victory drive.

Back of this magnificent industrial effort, playing a vital role on "the front line that runs through the factories", is Hydro power. Available to meet all needs — provided "at cost" — Hydro power drives the wheels of the industrial war machine. Today, all the resources of 46 Hydro generating stations—plus additional reserves—are at the nation's service. And no matter what tomorrow may bring in the way of new demands, your Hydro system will keep pace.

As the partner of Canadian industry, Hydro is doing its part to build and strengthen the air power, sea power and land power that will bring victory and peace.

—IT'S YOUR HYDRO SYSTEM—

OUR WAR EFFORT RELIES ON IT . . . YOUR COMMUNITY DEPENDS ON IT . . . YOUR SUPPORT MAKES IT STRONG

BUY WAR SAVINGS CERTIFICATES

HN-51

THE HYDRO-ELECTRIC POWER COMMISSION OF ONTARIO

Communications Speed War Production

Telephone and Telegraph Give Unfailing Service

Canada's communication companies are serving their country well. No industry has rendered more unfailing and valuable service than these organizations.

Telephone and telegraph are the nerves of the intricate industrial and commercial life of the nation. They have made possible rapid marshalling of the country's resources.

From the Maritimes to British Columbia unprecedented demands have been made upon private and government communications.

Reach Record

In the current year telephone installations will reach an all-time high. Telegraph traffic will be at high levels.

This record traffic originates from three principal sources: Industry, the armed forces and governmental communications.

Wartime industry has created a peak demand in the central regions of the Dominion, Quebec and Ontario, and British Columbia.

Activity in the Maritimes in connection with shipping, military movements and commercial activity has made itself felt in telephone and telegraph services in Nova Scotia and New Brunswick.

Service for Armed Forces

To a lesser degree Government-owned telephone systems of Alberta, Saskatchewan and Manitoba have been stimulated by industrial mobilization. Increase in the prairies results from a moderate increase in industrial activity, but principally from better trade conditions and servicing military establishments.

Military activities are more uniformly distributed than industrial. Air fields for the Empire Air Training Plan are located in every part of the Dominion. Situated for the most part in the remote sections of the country, supplying telephone communications has necessitated much new construction.

The Nation's Nerve Centre

Ottawa is the most striking example of wide expansion of communications facilities for governmental purposes. Here, at the nerve centre of the war effort, efficient and speedy communications are vital. Telephone facilities have been doubled since outbreak of war.

Construction of new plants directly connected with production of munitions and war equipment has been responsible for much of the new traffic. Other branches of industry not directly connected with the war are using telephone and telegraph to a much greater extent than formerly.

Long Distance Rise Marked

In the major telephone systems of the country, greatest increase in traffic has been evident in long distance service.

This is a service that was virtually non-existent in the last Great War. Certainly it was not the popular medium of communications that it is today.

Incredible strides have been made since 1918 in relaying the human voice over long distance wires. In Great War days it was necessary to switch long distance calls from the Atlantic to the Pacific over United States wires. The procedure was lengthy and costly.

Now prompt and efficient service is available between Halifax and Vancouver over all-Canadian facilities.

Trans-Canada Telephone

This is made possible by the co-operative enterprise known as Trans-Canada Telephone System.

There are seven members of the System: British Columbia Telephone Co., Alberta Government Telephones, Saskatchewan Government Telephones, Manitoba Government Telephones, Bell Telephone Co. of Canada, Maritime Telegraph and Telephone Co. and New Brunswick Telephone Co.

Long distance telephone messages between provinces are channelled through this System.

Late in 1940 a new direct long distance circuit was placed in operation between Toronto and Vancouver. This is the longest direct telephone circuit in the British Empire.

Residence Telephones Gain

Residence telephone installations have gained appreciably, reflecting higher industrial payrolls.

Bell Telephone Co. of Canada, operating about 56% of all telephone stations in Canada, showed net gain in telephones installed of 39,242 in 1940. This compares with net gain of 20,600 in 1939.

At Dec. 31, 1940, there were 824,697 telephones in service in the Bell system, of which 289,767 were business and 534,930 residence instruments. Both classes reached the highest point in the company's history.

Previous maximum of residence telephones was 528,467 in Dec., 1930. Business telephones were 11.7% higher than the previous maximum reached in June, 1931. Total instruments in service are 39,901 above peak of December, 1930, and 155,794 greater than the depression low of July, 1934.

B. C. Telephone at Record

British Columbia Telephone Co., second largest system in the Dominion, reached an all-time high of 133,766 at the end of 1940. This was a net gain of 5,914, compared with net gain of 4,477 in 1939.

Maritime Telegraph and Telephone Co. reported record high of 46,618 telephones at the end of the year.

Stations of New Brunswick Telephone Co. were also at a new high of 34,109, a net gain of 1,965 for the year, and in excess of the previous peak of May, 1931.

Tied in with the major telephone systems are numerous small organizations, many of which are rural co-operative enterprises. There are 3,212 telephone organizations operating, according to the last official count.

Canadians Great Talkers

These organizations have experienced varying results in the past year, depending largely upon proximity to industrial and military activity.

Canadians are perhaps more conscious of the telephone as an instrument of business and social intercourse than any other people. Statistics consistently reveal that calls per capita in Canada exceed those of any other nation.

Nearly 1.5 million telephones in the Dominion serve a population of 12 millions. Canada is fifth in total number of telephone installations and fourth in telephone density.

In the latest figures available Canada is shown as having 12.35 telephones for every 100 of population. This has been subsequently increased and is now probably near, or in excess of some of the figures shown for the three preceding countries: United States with 15.37 telephones for 100 of population; Sweden, with an average of 12.73, and New Zealand, 12.69.

Provide Best Services

Canadian telephone facilities are unexcelled. The efficient manner in which they have been utilized in the past year attests to this fact. Considerably heightened traffic has been handled without any interruption.

Fortunately, at Sept., 1939, there was a considerable inventory of spare equipment which the companies could draw upon to meet rocketing demand. In depression years telephone installations fell well below the prosperity peaks of 1930 and 1931. Spare equipment was made available as a result. When the sudden demand was created in 1939, the companies had large reserves to draw upon.

Around-the-World Over Eight Times

There are 212,000 miles of pole lines stretched across Canada, reaching to every corner of the Dominion where there is sufficient population to warrant a telephone service. Not all these lines are visible as 6,131 miles of underground conduits are included in this total.

Saskatchewan leads other Canadian provinces with 70,000 miles of pole lines. Ontario is next with 55,567, and Alberta third with 25,115 miles.

In terms of wire mileage, Ontario is well ahead with Quebec next.

	Mileage	
	Poles	Wires
P. E. I.	1,823	8,363
Nova Scotia	7,809	122,986
New Brunswick	4,660	70,755
Quebec	22,568	1,271,000
Ontario	55,567	2,531,360
Manitoba	17,607	317,434
Saskatchewan	69,842	389,385
Alberta	25,115	264,385
British Columbia	6,775	420,980
Yukon	125	596
Total	211,895	5,397,244

This equipment now is well on the way to exhaustion, and the companies face substantial capital expenditure if traffic continues climbing in the current year.

Plans Large Outlay

Bell Telephone Co. is planning capital outlay of $15.3 millions, a figure which may be inadequate for necessary expansion. This represents an increase of $2.6 millions over 1940. Approximately $2 millions will go into construction of new long distance lines, where the strain is heaviest.

Conversion of manual telephone into dial has been proceeding in the principal telephone systems for many years. Necessity for providing capital for other construction will force a slowing up of the changeover.

In the Bell System 68% of telephone instruments in use are automatic. The prairie systems, pioneers in Canada in the field of automatic telephone show a greater degree of automatic operation. British Columbia Telephone Co. is changing gradually.

Restrict Expansion Programme

All but the most necessary new construction is being restricted to conserve labor, material and money.

Part which the telephone companies are playing in Canada's war effort is not confined to actual providing of communications. Through taxation, they are contributing heavily to the Dominion's war chest.

Taxation paid by Bell Telephone alone totalled $5.5 millions in 1940, an increase of $2.4 millions, or 75% over 1939. Of this increase, $2.3 millions is attributable to income and "excess" profits taxes.

Added to the large imposition are taxes which the company collects on behalf of governments. Total tax bill paid in the past year by and through Bell Telephone amounted to $6.5 millions.

Dominion, provincial and municipal taxes of British Columbia Telephone Co. increased by $209,392 to $627,081. Most of this increase is available to the Dominion for war purposes.

Maritime Telegraph and Telephone Co. paid taxes of $397,760, compared with $230,004 in the preceding year.

Employees are engaged in civilian aid to the armed forces through voluntary war work. Many have enlisted in the armed forces, particularly in technical branches.

To the security holders of stock companies, record operations will not be converted into increased profits.

Revenues have been soaring, but heavier taxation and operating costs have contracted net profits generally.

Higher capital expenditure has also been necessitated.

Telephone holding companies are in somewhat less satisfactory circumstances because of the smaller profits available to holders of operating company securities.

Radio telephone is another medium which has linked the outlying parts of the Dominion to the main continental communications artery. Remote mining districts and outposts are connected with principal cities of the Dominion by radio telephone.

Newfoundland is in direct communication with Canada through the radio telephone service operated by Bell Telephone Co. of Canada, Canadian Marconi Co. and Avalon Telephone Co.

War Boosts Sales Electric Energy

What war has meant to Canada's power industry is apparent from the January central electric station report prepared by the Dominion Bureau of Statistics. Daily average consumption of firm power in that month was 70,583,000 kw.h. This contrasts with 59,778,000 kw.h. for the same month a year ago, an increase of roughly 20%.

Among the provinces Quebec reported an outstanding gain, the daily average consumption of firm power in January this year, compared with the same month last year, being up 40%, or from 20,623,000 kw.h. to 28,619,000 kw.h.

Telegraph and cable companies perform an important service in speeding mobilization of men and materials.

There have been diverse factors at work affecting the operations of the two principal telegraph companies, Canadian Pacific Telegraphs and Canadian National Telegraphs.

Formerly, one of the large sources of telegraph traffic was stock and commodity exchanges at Montreal, Toronto, Vancouver, Calgary and Winnipeg. Diminished volume of transactions has adversely affected telegraph traffic.

But this loss has been more than offset by increased business from other sources. Compensating traffic has originated from government, commercial and military communications.

Telegraph companies have handled increase without strain. Plant and equipment have been maintained in excellent shape, and in recent years large capital expenditures have been made to modernize facilities.

Telegraph wires are leased to telephone and radio organizations. As a pioneer in the field of communications the telegraph industry has laid a firm foundation for more recently developed mediums.

The Power Behind Industry

	Available Water Power*	Turbine Installation	Output Thousands kw.h. in 1940
British Columbia †	5,834,500	806,962	2,117,874
Alberta	1,049,500	71,997	272,065
Saskatchewan	1,082,000	90,835	555,561
Manitoba	5,344,500	420,925	1,366,132
Ontario	6,940,000	2,597,525	8,877,013
Quebec	13,064,000	4,321,013	15,988,450
New Brunswick	169,100	133,347	470,251
Nova Scotia	128,300	138,217	426,068
Prince Edward Island	5,300	2,617	6,835
Total	33,617,200	8,584,438	30,080,249

*Ordinary six-month flow.

†Plus Yukon and N.W.T.

Telephone Holding Units Hit by War Taxation

Increased Operating Costs and Exchange Restrictions Also Affect Disbursements of Operating Companies

Outlook for holding companies is affected by war taxation policies. Increased revenues of operating companies generally have been more than offset by "excess" profits and income taxes. Higher operating costs have also reduced earnings available for distribution to shareholders.

Anglo-Canadian

Anglo-Canadian Telephone Co., a holding company serving over 131,000 telephone stations to subsidiaries in Canada and abroad, may be expected to be affected by the trend of higher taxation and operating costs of operating companies.

Subsidiaries of the company operate in British Columbia, the Dominican Republic and the Philippine Islands. It was incorporated Dec. 1, 1934, to acquire assets of National Telephone and Telegraph Corp. Subsidiary companies serve territories embracing a population of over 3.5 millions.

Controlled by Assoc. Telephone

The organization in turn is controlled by Associated Telephone and Telegraph Co., but there is a substantial investment interest in the company securities.

Principal investment is in British Columbia Telephone Co. Anglo-Canadian Telephone Co. owns 44,979 ordinary shares of 45,000 shares outstanding. It also controls Dominion Directory Co., Northwest Telephone Co., Chilliwack Telephones Ltd., Kootenay Telephone Co., Mission Telephone Co., Canadian (B.C.) Telephone and Supplies Ltd., and Compania Dominicana de Telefonos.

Investments Value Rise

Anglo-Canadian and wholly-owned subsidiaries own all the outstanding stock of Telephone Securities Ltd. Telephone Securities and Anglo-Canadian Telephone own 22,519 shares of capital stock of Philippine Long Distance Telephone Co., or 35% of the outstanding stock.

There were 10,000 additional shares of preferred stock issued during the year to provide funds for acquisition of $500,000 principal amount of collateral trust notes of Telephone Securities Ltd.

All the 5½% notes of Telephone Securities Ltd., totalling $879,000, were redeemed on May 15, 1940.

Telephone Securities

Direct public interest in Telephone Securities Ltd. was eliminated in 1940, when the company retired, all its 5½% collateral trust notes. Proceeds of $400,000 of notes payable in U. S. funds, together with advances from Anglo-Canadian Telephone Co. were used for the retirement.

Common stock of which there were 160,000 shares outstanding at the end of 1939, is all owned by Anglo-Canadian Telephone Co. and wholly-owned subsidiaries.

Associated Telephone

Income of Associated Telephone and Telegraph Co. is received principally from interest and dividends on investments in telephone operating companies in Canada, Colombia, the Dominican Republic, and the Philippines, and from manufacturing companies in the U. S., Canada, and Belgium. There is a substantial Canadian interest in the company's securities.

The company's subsidiaries operate in many parts of the world. In Canada its principal investment is in British Columbia Telephone Co., control of which is held through Anglo-Canadian Telephone Co. Canadian Telephone and Supplies Ltd. is a subsidiary sales organization of Associated Telephone, and Phillips Electrical Works Ltd., Montreal, is the equipment subsidiary of the organization in Canada.

Exchange Impedes Operations

Exchange restrictions on currency movements have had an adverse effect on operations of a number of the company's subsidiaries. Colombian companies, for example, have not been permitted to remit any interest or dividend payments to the United States since the outbreak of war in Europe. Depreciation on the Canadian dollar has also reduced income of the holding companies.

Refrigerator Sales Are Now at Peak

Anticipation of a tax on electrical equipment and possible restriction of supply helped to boost sales of electrical refrigerators in Canada last year.

Sales of household refrigerators for the 12 months totalled 61,912. This contrasts with 51,840 the year before and is the largest number reported for some time.

In every phase of war-time effort, the telephone co-ordinates and speeds production.

In the Vanguard of War-Time Needs

The present outlook is that new construction of local and long distance telephone facilities will call for an outlay this year in excess of 15 million dollars. All but the most urgent normal projects will be deferred in order that the war-time needs of Canada for speedy, dependable telephone service may be met.

Last year, in spite of the very exacting demand caused by war activity, telephone service was maintained at a high standard. Over 93% of long distance calls were completed. The average time required to establish Long Distance connections was 87 seconds. Over 90% of such connections were completed while the calling party remained at his telephone.

The Future: On the outlook for the future of telephone service, President C. F. Sise said at the annual Meeting of Shareholders recently:

"As we enter this sixty-second year of our operation, there would appear to be nothing on the horizon to threaten the unique supremacy of the telephone in the field of communication. This is due mainly, I think, to the fact that the telephone laboratories are continually exploring the possibilities for improvement in every phase of telephone mechanism and method of operation. Out of this continuous research has been developed an unbroken series of technical and operating advances which have steadily enlarged the scope of the service, improved its quality, and offset the tendency to increased costs.

"Nor has its human quality been overlooked. Telephone workers have long since ceased to interpret their instructions and their obligations in the narrow sense of mere technical excellence. They have acquired a reputation for a service which goes far beyond the strict letter of the contract."

Highest quality telephone service at the lowest cost—that is our ideal: And identified with the nation's war-time needs, is the "planned preparedness" that telephone service shall be ready, wherever possible, in advance of requirements.

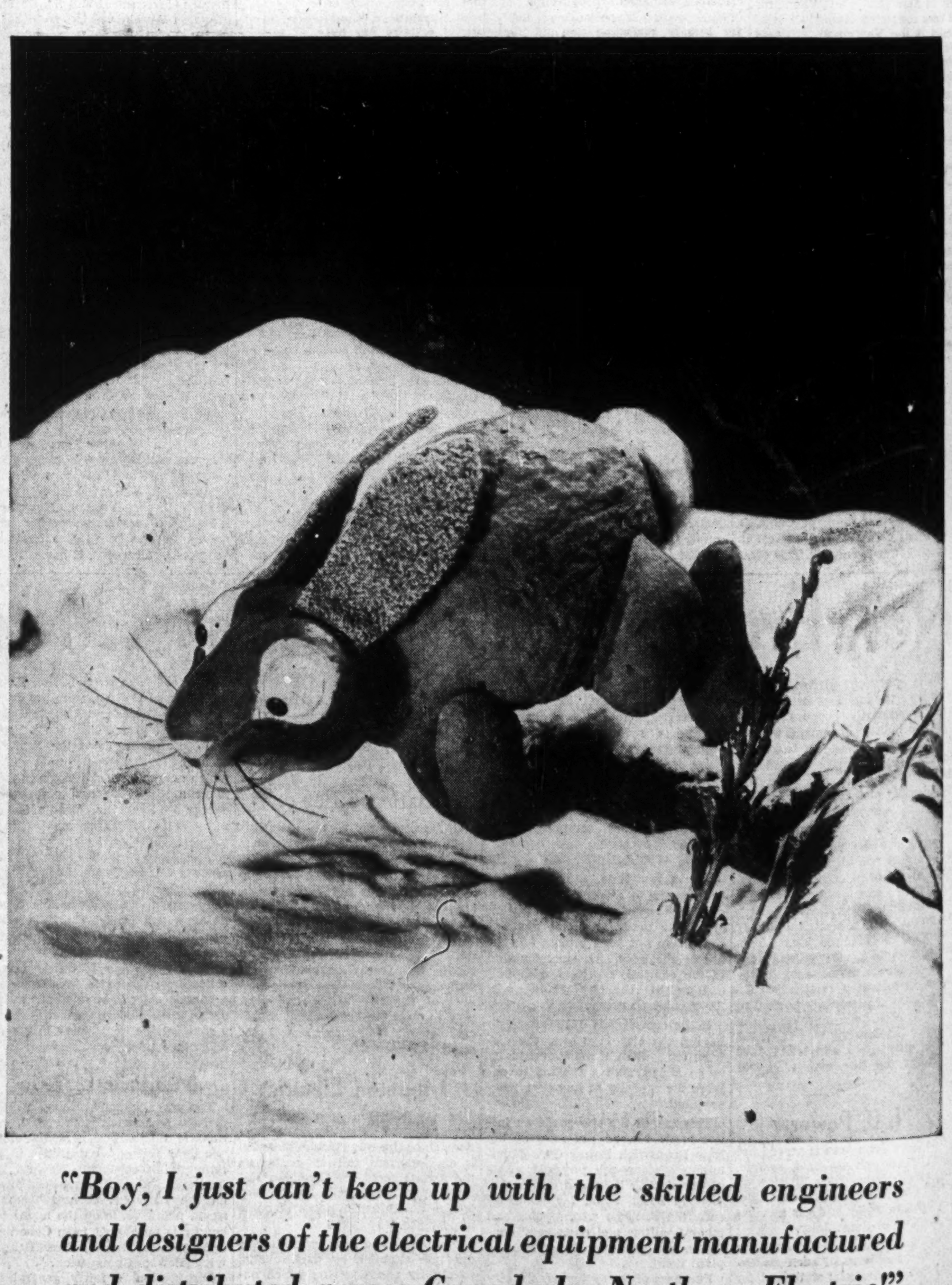
FOR WHOM THE BELL *Talks*

Over 6,187,000 local and 67,000 long distance calls are made daily by users of the Bell Telephone Co., of Canada's facilities.

Thus it is apparent that the Company meets the indispensable needs of its clientele in its service to the business, community and personal life of the nation—to which is added its vital contribution to the nation's organization for war at this time.

Of the 21,466 shareholders of the Company's stock, nearly 94% live in Canada.

THE BELL TELEPHONE COMPANY OF CANADA
LOCAL LONG DISTANCE TELEPHONE



"Boy, I just can't keep up with the skilled engineers and designers of the electrical equipment manufactured and distributed across Canada by Northern Electric!"

Canada Leads in Phone Activity

Number of Long Distance Calls Is Highest Per Capita in World

Canada is well in front in respect to the number of long distance calls made annually per capita. In the latest year for which official figures are available per capita calls amounted to 235. This rate compares with 220 in the United States; 183 in Denmark; 171 in Sweden; 101 in Norway and 83 in Australia.

The heavy increase in long distance calls since the outbreak of war will carry the Canadian figure much higher.

B. C. Telephone

Since outbreak of war industrial activity in British Columbia has been rising steadily. By the end of 1940 rate had risen substantially over the beginning of the year. Value of production in the four primary industries of the province, forestry, mining, agriculture and fishing, was up almost $25 millions over the preceding year to $245.7 millions.

This heightened activity was reflected in activity of telephone systems in the province.

British Columbia Telephone Co. reports net gain in telephones installed of 5,914, compared with a net gain of 4,477 in 1939. Telephones in service at Dec. 31, 1940, amounted to 133,766.

Long Distance Up 9.75%

Long distance services particularly felt the impact of rising trade and production. Originating long distance calls from the system in 1940 were greater by 9.75% than the number recorded in the previous year.

In common with the majority of telephone organizations, the company had higher gross revenue, but due principally to increased taxation, net income was lower.

British Columbia Telephone Co. owns and operates the principal telephone systems in the province. It operates under a perpetual franchise, serving a territory with a population of approximately 700,000. In its territory are the cities of Vancouver and Victoria.

Convert to Dial Equipment

The company has been undertaking a large programme of expansion and modernization. In 1940 construction was commenced on a new central office building in Vancouver to house the dial equipment required for conversion of the present Fraser central office area from manual to dial instruments. Construction was also started on a new exchange building at Courtenay, Vancouver Island.

In August last year approximately 6,000 manual telephones in the Vancouver business area were converted to automatic operation. An additional 12,000 will be cut over early in April this year. When this has been completed almost all telephones in the Vancouver business area will be automatic.

The company will amend its incorporation act, to enable it to increase authorized capital from $10 millions to $20 millions. Application will be made to Dominion Parliament for required amendments.

Okanagan Telephone

Also operating in the British Columbia field is Okanagan Telephone Co., subsidiary of West Canadian Hydro-Electric Corp. This organization operates the second largest telephone system in the province.

Okanagan Telephone Co. and its two wholly-owned subsidiaries, Summerland Telephone Co. and Solar Telephones Ltd., furnish telephone services to various cities and communities in the Okanagan Valley and contiguous territory.

Okanagan Telephone Co. assumed assets, bonded and other indebtedness of Canadian Western Telephone Co. in Dec., 1937, when the company was eliminated to effect simplification and economy of operations.

All the common shares of Okanagan Telephone Co. are owned by West Canadian Hydro-Electric Corp.

In Oct., 1940, the system comprised of nine exchanges, with approximately 5,897 stations or connections. The organization has interchanges with other telephone systems, which permit it to tap into the Trans-Canada System.

Bell Telephone

Demand for telephone services in Ontario and Quebec has been greatly increased with war expansion of industry. Majority of organizations engaged in war production are located in the central regions of Canada, in which Bell Telephone Co. of Canada is a dominant factor. In addition, military establishments in the two provinces, and the governmental nerve centre at Ottawa, has heightened use of telephone communications.

At the end of 1940 there were in operation on the Bell system 824,697 telephones of which 289,767 were business and 534,930 residential instruments. This is the highest point in the company's history. In November a gain in resident telephones carried total of this class above the previous high of 528,467 shown in December, 1930. Business telephones at the end of the year were 11.7% greater than the previous high reached in June, 1931. The total is 39,901 above the previous peak of December, 1930, and 155,794 greater than the depression low of July, 1934. This total does not include private systems operated by the Department of National Defense and connected with the company's lines.

Services Gain Steadily

Other telephone systems in the two provinces with which Bell Telephone has interchange service total 883, serving 150,540 telephones.

This sharp upward movement of telephone installations is expected to continue in the current year, and probably to continue unabated while Canada's armament programme is in full swing. Experience of 1940 for greatly increased demand for both local and long distance telephone service is expected to extend into the current year.

This expansion of facilities in central Canada will necessitate considerable capital outlay. Officials have estimated expenditure of $15.3 millions, which is an increase of $2.6 millions over 1940.

Spare facilities which existed at the start of 1940 is being rapidly reduced because of expanded demand. An increasing proportion of newly constructed telephone plants will be required to take care of growth as a result. It may be necessary to spend more than estimated.

Programme for the current year is composed largely of projects directly or indirectly related to the war effort. These include installation of long distance and local lines and equipment at military camps and training centres, etc. It is necessary to link these centres with neighboring exchanges.

Check Unnecessary Spending

The organization will spend upward of $2 millions on long distance lines. Of this $1.6 million is the approximate cost of providing additional facilities and $375,000 is required for reconstruction of existing pole lines.

Need for larger capital outlay moderates somewhat the outlook for earnings of the company. In addition, increasing taxation prevents the full improvement in earnings from being reflected in profit available for shareholders.

The company will conserve labor, material and funds in 1941 by deferring new construction wherever possible, without impairment of service. It is aided in this aim by modern and high standards of plant. Approximately 68% of all telephones in use in the company's system are dial. Further conversion from manual to automatic will be deferred, except where growth demands replacement of manual by dial equipment.

Taxation Heavy Burden

Taxation in the past year amounted to $5.5 millions, an increase of $2.4 millions, or 75% over 1939. Of this amount $2.3 millions is attributable to income taxes and to "excess" profits tax.

A number of other smaller companies engaged in providing telephone service are connected to Bell Telephone Co.'s lines in Ontario and Quebec.

Quebec Tel & Power

Quebec Telephone and Power Co., through subsidiaries, provides telephone service in 14 counties of eastern Quebec. In conjuction with Canadian Marconi Co., it has operated direct telephone communications between the north and south shore of the St. Lawrence since 1936.

Since the outbreak of war increased demand for services has been experienced by the company.

Eastern Townships

Eastern Townships Telephone Co. is controlled by Bell Telephone Co. of Canada. It was formerly the Sherbrooke Telephone Association, formed in 1888. The company provides telephone service in the vicinity of Sherbrooke, Que., where industrial activity has been at high levels.

Farmers' Telephone

Farmers' Telephone Co. operates the telephone system in the vicinity of Howick, Quebec. This organization is also controlled by Bell Telephone.

Northern Telephone

Northern Telephone Co., New Liskeard, Ont., controls a telephone system in northern Ontario and Quebec. There are exchanges located in 24 centres, including New Liskeard, Cobalt, Kirkland Lake, Kapuskasing, South Porcupine and Timmins, Ont., Amos, Noranda and Rouyn, Que.

Increased mining activity in the territory served by the company is being reflected in more active operations.

Maritime Tel.

War has increased activities in the Maritime Provinces perhaps more than any other area of Canada. This has been evident in the activities of the two principal Maritime telephone systems, Maritime Telegraph and Telephone Co. and New Brunswick Telephone Co.

Largely due to war conditions, Maritime Telegraph and Telephone Co. experienced the most active year in its history. Calls originating in Nova Scotia to points outside the province particularly have shown the result of war activity.

Toll Up in January

Long distance traffic of Maritime Telegraph and Telephone in January increased by 22,775 calls over the same month last year. In January this year there were 160,418 calls placed.

Increased long distance traffic has imposed a near capacity load upon the Maritime Telegraph lines. Substantial additions have had to be made to plants and equipment, particularly in the Halifax and Sydney areas. Further large additions are contemplated for the current year, especially in the Halifax area. Higher industrial activities in Amherst, Truro and New Glasgow areas has resulted in higher demand, which will also require additional plant facilities.

Install New Circuits

In 1940 there were two additional high grade circuits established between Halifax and Montreal; one between Halifax and Boston, another between Halifax and Saint John; one between Amherst and Saint John, and three between Halifax and Sydney. Two more circuits will be added between Halifax and Montreal and another between Halifax and Saint John. The equipment for these new circuits is on order, and scheduled for installation in the fall. Four more circuits are being planned for the Halifax and Truro service. A telephone-radio system is under construction to operate between Digby and Saint John.

Estimated gross plant expenditures in the current year will be approximately $1.2 million, with net addition to fixed assets of $925,000.

Net Gain 3,146

There were approximately 92.9 million local calls made over the company system in 1940. Long distance telephone calls over the trans-Canada telephone network increased 79.3% over 1939. There was a net gain of 3,146 stations in 1940, with installation of 11,850 new telephones, and removal of 8,704. There were approximately 46,618 telephones in service at the end of the year. There were 274 urban and rural companies, operating 6,098 stations connected to the Maritime Telegraph and Telephone system.

Island Telephone

Telephone service in Prince Edward Island is provided by the Island Telephone Company, controlled by Maritime Telegraph and Telephone Co.

Operations of the Prince Edward Island company have been less satisfactory than those of the parent company. In January the Island Co. showed an increase of 1,259 long distance telephone calls over the same month last year, but this increase, approximately 9.4%, does not indicate any material change in conditions on the Island because January, 1939, showed a smaller volume than January, 1938.

N. B. Telephone

Wartime activity in New Brunswick has been reflected in operations of the New Brunswick Telephone Co.

Telephone installations reached the highest peak in the company's history in 1940. There were 34,109 stations in operation, a gain of 1,965 for the year, passing the previous peak of May, 1931. Exchange service increased 6.8% in revenue, and long distance was up 12.6%. Increased activity necessitated consid-

(Continued on page 30)

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Where Radio must not fail MARCONI *Reigns Supreme*

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For many years we have been associated with the progressive development of the Communications Industry, having underwritten and placed with investors securities of the following Companies:

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Maritime Telegraph & Telephone Company, Limited
Philippine Long Distance Telephone Company
Phillips Electrical Works, Limited
Quebec Telephone & Power Corporation
The Avalon Telephone Company Limited

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Telegraph Systems Still Pioneer

Their Networks of Wire Serve Telephone, Wireless, Radio

The public generally thinks of telegraph systems as engaged solely in transmission of telegrams. But these systems engage in every form of communication from the familiar telegraph service to providing wire circuits for telephone, wireless and radio communication.

Since 1885, when one iron wire provided the only all-Canadian communication between Montreal and Vancouver, the telegraph systems have not only increased their facilities but have taken advantage of every improvement in the art of communication. In 1885 only a few thousand miles of simple telegraph circuits were in use. By 1940 total wire mileage in Canada had reached 347,461 miles, including land and submarine cables. Carrier channels provide ample additional facilities for every type of communication, from the simple Morse transmission to telegraph printers, telephone and transmission of radio programmes.

Radio Uses Telegraphs

It is not generally known that radio programmes are transmitted over wire facilities connecting all stations on a network. Such networks involve a considerable mileage of high-grade circuits, and repeater points manned by trained personnel. To ensure utmost fidelity in transmission, constant attention of engineer, supervisory staff and experienced maintenance forces is necessary.

Thus when national broadcasting in Canada was inaugurated at the end of 1932 and the Canadian Radio Broadcasting Commission was appointed, the railways were in the preferred position of being able to provide programme transmission facilities from the Atlantic to the Pacific. This was provded over paralleling but widely separated routes, ensuring continuity of service. The outstanding success of national broadcasting is, in no small measure, due to close co-operation of the telegraph systems.

Radio Transmission Expands

In 1932 the first national broadcasting network, consisting of 5,465 miles of transmission lines, connecting 36 radio broadcasting stations from Halifax to Vancouver was provided on a basis of 4½ hours per day. By order No. 1, placed with the railways Dec. 24, 1932, transmission of a Christmas Day broadcast was inaugurated.

When the CBC assumed control in 1936, service was extended to 16 hours daily and the network greatly increased. By 1940 the network provided by the railways involved 7,611 miles of programme transmission facilities, connecting 70 radio broadcasting stations.

The main network consists of a high-grade pair of copper wires extending 7,611 miles, paralleled by an operating circuit connecting 73 repeater and station connection points. Normal network operation requires approximately 24,000 miles of wire, 16 hours daily with a supervisory and operating staff of over 225.

One Million Miles of Circuits

In addition to the normal operation, the CBC requires many additional circuits each day, in some instances three separate circuits being in use simultaneously across the continent. During the operational year 1939-1940 the telegraph systems provided nearly one million mile hours of additional circuits.

Operations of the CBC also involve a tremendous amount of switching and reversal in direction of transmission. In 1939-1940 the reversed circuit mileage amounted to 5.7 million mile hours.

Notwithstanding the great demand necessitated by the network operation, the railways have never failed to meet any of the requirements. High standards of transmission are provided upon which the fidelity of programme heard by the millions of listeners depends.

The telegraph systems are able to meet additional demands for increased radio programme transmission service. Through the vast network of telegraph lines, Canadian radio listeners are assured of the most modern and efficient transmission.

Mtl. Telegraphs

Montreal Telegraph Co. is one of the few remaining companies of its type in Canada. It gave up operations many years ago when its properties were leased to the Great North Western Telegraph Co. of Canada, which now forms part of the Canadian National Telegraph System. Great North Western is controlled by the Government of Canada and operated under the name of "Canadian National Telegraphs."

The company receives an annual payment under this lease of $165,000 which is sufficient to permit regular payment of an 8% dividend, less Dominion income tax.

Involved in Tax Suit

The only development of interest in connection with this company for some years past was the recent action taken by the Quebec Government to collect taxes on profits. In the 1940 report, Henry E. Rawlings, president, stated the action taken by the province had been dismissed last November with costs against the province. The action-in-warranty taken by the company against the Great North Western Telegraph Co. was also dismissed with costs against the company.

The province has entered an appeal against judgment and it has been necessary, in order to protect the interest of the Montreal Telegraph, to enter an appeal against the judgment dismissing the action-in-warranty against Great North Western.

At the time of the report, last January, claim of the Provincial Government for tax on profits was still under discussion with representatives of the department.

BELL SYSTEM LARGEST

The Bell Telephone Co. of Canada operates about 56% of all telephones in Canada and its subsidiaries account for another 4%. The provincial systems in the three prairie provinces have about 10% of telephones in operation.

Steady Telephone Growth in British Columbia

Our Company and associated companies in British Columbia had 138,127 telephones at the end of 1940, a net gain of 6,135 telephones for the year. We showed an increase in each month of 1940, and our December growth was the greatest we had ever experienced in that month.

BRITISH COLUMBIA TELEPHONE COMPANY

Trans-Can. Phone Vital Link in War

Close co-operation of member companies of Trans-Canada Telephone System has been an important contribution in maintaining and improving long-distance telephone facilities.

Efficiency of this long-distance liaison has been especially evident since war has brought spectacular rises in toll traffic.

Trans-Canada Telephone System is comprised of seven major telephone operators in the nine provinces of the Dominion. They are: the three Government-owned systems in the Prairies, Manitoba, Saskatchewan, and Alberta; British Columbia Telephone Co.; Bell Telephone Co. of Canada; New Brunswick Telephone Co., and the Maritime Telephone Co.

Comparison with the long-distance service operated in the last Great War illustrates the marked technical advances made by telephone organizations in Canada since 1914-18. Where in that period it was necessary to switch long-distance calls over lines in the United States, calls from Vancouver to Montreal now can be channelled over all-Canadian lines.

This transcontinental co-operative system is relatively new in origin. It followed many years of exhaustive investigation. In 1928 there were circuits between each of the adjacent provinces, but they could not be used, however, for transmission across the entire country. Facilities for a Vancouver to Halifax service were non-existent.

Work was started on the system in 1930. More than 2,000 miles of line had to be built, and additional poles placed to carry the new line.

Many technical difficulties were encountered in bringing the Trans-Canada Telephone System into being. When a subscriber talks to Halifax from Vancouver, it is necessary to project his voice over 4,200 miles of wire. When a current travels over a line it becomes progressively weaker, the farther it travels. Eventually, it would become so weak that it could not be heard on the receiving end, were it not for the fact that a current is brought back to its original strength.

To ensure against any weakenings of reception, it is necessary to install repeater stations at 22 points along the route between Halifax and Vancouver.

The line from Vancouver to Halifax travels over many diverse kinds of topography and climatic conditions. Stand-by facilities are provided in case of any breakdown of the Trans-Canada channel. If these occur, service may be rerouted.

Representatives from the seven associate companies form a committee which manages the system. The committee acts as a kind of clearing house for all data pertaining to operations of the system. It can apportion a revenue between the systems as it deems proper, which eliminates the necessity of each system having to settle accounts with the other member companies.

Major development during the past year was the placing in operation of a direct telephone circuit between Toronto and Vancouver. This is the longest direct telephone circuit in the British Empire. It provides an alternative route between Montreal and Vancouver. The number of switching points on calls between the Maritime Provinces and Pacific coast are also reduced by this new installation.

Work on Power Plants Unabated

Work is now under way on new hydro-electric developments involving installation of nearly 400,000 h.p. By far the largest undertaking is the installation of three additional units in the St. Lawrence River plant of the Beauharnois Light, Heat & Power Co. Each unit is rated at 53,000 h.p.

Second of the major undertakings is the installation of 56,000 h.p. at Barrett Chute by the Ontario Hydro-Electric Power Commission, followed by a 48,000 h.p. installation on the Upper Ottawa River by the Quebec Government.

Details of the developments now under way follow:

Operator:	Site	Installation. H.P.
W. Kootenay	Brilliant, B.C.	90,000
Cons. Smelt.	Yellowknife, N.W.T.	4,700
Gt. Lakes Pr.	Upper Falls, Ont. ..	10,000
Ont. Hydro	Big Eddy, Ont.	10,000
Ont. Hydro	Barrett Chute	56,000
Beauharnois	St. Lawrence	159,000
Quebec Govt.	Upper Ottawa	48,000
Pembroke El.	Black River	2,200
Total		379,900

Canada Leads in Phone Activity

(Continued from page 29)

erable new construction during the year. There were 501 miles of new line erected between Saint John and the Quebec boundary. Radio connection is being installed between Saint John and Digby.

Company plants increased by $399,136, composed of an increase in central office equipment of $112,000; station apparatus of $57,300; pole lines, $73,600; cable and wire, $145,500 ,and sundry items, $10,736.

New Brunswick Telephone Co. is controlled by Bell Telephone Co. of Canada, although operated as an independent unit. Original property equalled part of the Bell Telephone System. The company maintains connections with adjoining provinces and entered into partnership in the Trans-Canada Telephone System in December, 1930.

Avalon Telephone

Among the "outside" telephone properties in which Canadian capital is invested, is the Avalon Telephone Co., which owns and operates the telephone system at St. John's, Nfld., and surrounding district. In addition, the company maintains jointly with Canadian Marconi Co. and The Bell Telephone Co. of Canada a radio telephone service between the Island and the Dominion.

Revenue of the company in 1940 is expected to be higher than in 1939. Establishment of U. S. and Canadian troops on the island, in addition to war stimulation of trade, has increased demand for telephone services in the territory served by the company.

During 1939 the company increased telephones in service by 325, bringing the total installations to 8,555, an all-time peak in the company's history.

War Affects Operations

With the outbreak of the war the radio telephone service between Canada and Newfoundland was suspended. However, the services between these two countries was restored at mid-year. The war also resulted in suspension of wireless telephone service between St. John's and Burin Peninsula. This service, too, has been restored.

Prior to the outbreak of the war the company has been working on plans to connect various parts of the island by radio telephone service. The first step was to link up St. John's and the Burin Peninsula. Then followed the Newfoundland-Canada link. Later the company installed apparatus for service between St. John's and the Grand Falls area, including Buchans, Millertown, Badger, Grand Falls, Bishops Falls, Botwood and the Newfoundland airport.

The company is planning to take over part of the telephone system serving Corner Brook.

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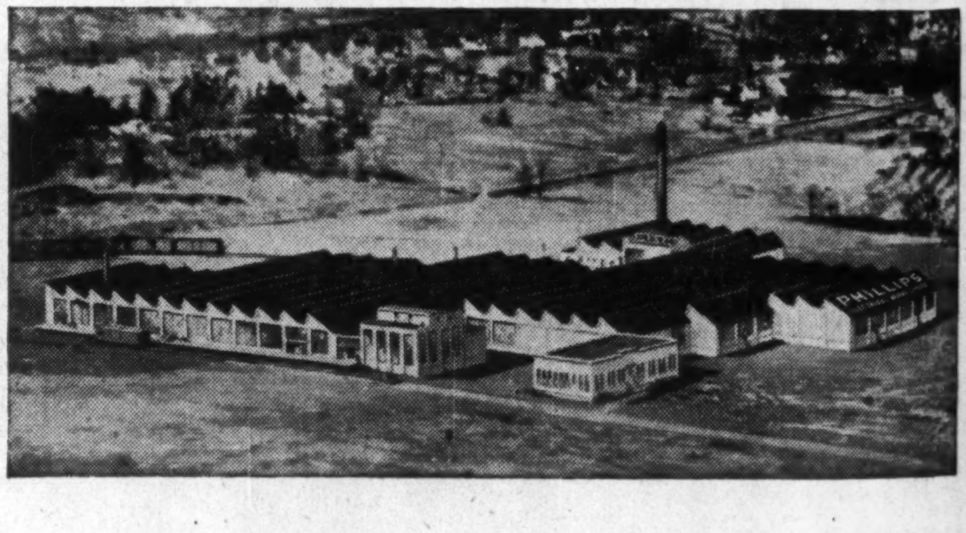

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Ontario Rallies Power for War

Output to Swell Further in 1941 As New War Factories Start

Both private and publicly owned electrical systems in Ontario girded to meet wartime demands in 1940. Established mining areas and forest industries of the north and the industrial south were among the first to feel the effects of increased activity. Removal of Scandinavian supplies from North American newsprint markets, increased output of base metals and gold, and the increase of industrial capacity led the publicly owned Ontario Hydro-Electric system to contract for more power and to expand facilities in 1940.

Predictable growth for 1941 is likely to come more from new areas and new industries than from the sources which caused the 1940 upswing. For strategic and other reasons many of the new plants which are coming into production are located away from established centres of population, although there are some important exceptions.

As the new industries get under way, there is likely to be a change in the nature of demands from the preparations of plantts to the operation of plants. The latter phase, signalling the maturing of the defense effort, is likely to make more sustained demands on the power facilities of the province. Prolonging daylight saving time in 1940 is likely to be followed with other measures to conserve power in 1941, and to make as great a use of off-peak power as possible.

Ontario Hydro

Rise of 19% in total consumption of energy from all systems of the Hydro-Electric Power Commission of Ontario brought deliveries in 1940 to the highest level in its history. By the beginning of 1941 the most pronounced gains were being recorded in Georgian Bay system, with Thunder Bay and eastern Ontario following.

The course of power delivery in the Ontario Hydro systems reflects a spread of the war effort from older and established industrial areas to new regions. The opening of new industrial capacity in Georgian Bay, Thunder Bay and eastern Ontario has been recently bringing more pronounced proportional gains, but the improvement in the Niagara and northern Ontario systems has continued.

One reason for the slackening has been extension of Daylight Saving Time. Reduction in peak loads thereby attained was from 65,000 to 85,000 h.p. according to officials.

As a result of the growing demand in the Niagara systems, the date for taking 20,000 h.p. from the McLaren-Quebec Power Co. was advanced to July, 1940, instead of November.

In addition, Ontario Hydro was able to obtain last November an extra 5,000 cubic feet per second at Niagara Falls, which is described officially as about equivalent to that which will be added to Great Lakes output when diversion works at Ogoki are completed. The Ogoki project is now diverting some 1,100 cubic feet of water per second to the Great Lakes and will take about two years to complete this.

In addition the H.E.P.C. is assuring further supplies from construction. The third unit of the Ear Falls plant of the northern Ontario system was completed in June, 1940, adding 7,500 h.p., bringing total capacity to 17,500 h.p. On the Musquash River in the Georgian Bay system the Big Eddy plant is being rushed to completion. It contains two 5,000 h.p. units, is expected to come into operation in Nov., 1941. The Georgian Bay system is also being aided by the installaton of a change station at Hanover, which permits the switch of power between Niagara and Georgian Bay systems.

The new 200,000-volt transmission line from the Quebec border to Burlington, Ont., a total of 320 miles, is on its way to completion. Wire has been strung for 175 miles and the towers and footings erected have passed Toronto.

Two units with a total rated capacity of 54,000 h.p. are expected to be available in 1942 for the eastern Ontario system. These will be at Barrett Chute on the Madawaska River.

With the 1940-41 winter peak load safely behind it, the Ontario Hydro-Electric Power Commission has, according to officials, little to fear in the way of shortages. J. Albert Smith, of the H.E.P.C., said: "The Commission has ample though not excessive supplies of power available to meet all essential war demands and the immediate normal growth is domestic, commercial and ordinary industrial use." He emphasized: "It is at present unnecessary to ration primary power for industrial purposes, or indeed to restrict its use in any way in Ontario."

Throughout industry, consumers are trying to conserve power. The Canadian Transit Association, for example, has recommended that its members do everything to increase the staggering of working hours, evening out the peak demand for radial transportation. Power used by some individual street cars is being cut down by switching off electric heating devices as the street car starts.

The St. Lawrence Seaway agreement would add 1.6 million h.p. to the supplies of electricity available for Canada of which 1.5 million will be available for Ontario.

Great Lakes Power

Major customers of Great Lakes Power Co. Ltd. include the City of Sault Ste. Marie, Ont., Abitibi Power & Paper Co., Algoma Central and Hudson Bay Railway Co., Algoma Steel Corp., and Chromium Mining and Smelting Corp. Expansion of Algoma Steel Corp. activities in 1940, including the reopening of the Helen Iron Mines, resulted in doubling net profits of Great Lakes Power in the first half of 1940. Operating revenues or $396,815 in the first half of 1939 jumped to $518,179 for the similar period of 1940.

The company obtains its power from four Hydro-Electric Power plants with a combined capacity of about 74,000 h.p. These are located on the St. Mary's River at Sault Ste. Marie (32,000 h.p.) at High Falls on the Michipicoten River (22,000 h.p.) and two plants on the Montreal River (10,000 h.p. each). Greater part of power output is sold under long-term contracts, the shortest of which, to the City of Sault Ste. Marie, was signed in 1938 and is renewable every 10-year period, up to 1968.

Ottawa Power

In the Ottawa area, electricty and gas services are provided by Ottawa Light, Heat and Power Co. Operating position of the company has undergone marked improvement over the past year, due in part to increased industrial activity, but more so to the heavy influx of new residents engaged in war work. Demand for domestic lighting gas services has increased at a rate far greater than at any time in recent years.

Operations are conducted through two divisions—gas and electricity—which until a short time ago had been performed by two separately incorporated companies. The gas company revenues had been adversely affected in recent years by competition from low electric rates. This division has had to turn more and more to the lower-priced industrial and seasonal house-heating field. Part of the gas manufacturing equipment was replaced during 1939 to adapt the plant to the changed conditions.

Annual Financial Plan

Early last year the company drew up plans for cancelling all the outstanding preferred stock and replacing it with $1.8 million of second mortgage bonds. The project was withdrawn because of conditions.

While the financial statement for last year is expected to show a healthy increase in gross income, it is unlikely the net profit position will reveal marked change because of increased taxation. This would be in line with the experience of other privately-owned utility companies. Accordingly, improvement in earning power is not expected to be reflected in increased dividends in the immediate future.

Canada Northern

The northern Ontario field is supplied largely by Canada Northern Power Corp., subsidiary of Power Corp. of Canada. This company operates in northern Ontario and northern Quebec.

Operations in northern Ontario are carried out through the Northern Ontario Power Co., which serves the mining camps of Porcupine, South Porcupine, Cobalt and Kirkland Lake district, as well as a number of towns in that area, including Timmins, Haileybury, Kirkland Lake and others.

The northwestern Quebec section is served by the other subsidiary, Northern Quebec Power Co. This area has expanded rapidly in recent years and the company's own power generating facilities have been inadequate. Large blocks of power have been purchased from Ontario Hydro.

Need for Appraisal

Canada Northern Power has shown steady and consistent increase in its operations over several years. In the last few years, however, new business has been taken on at a loss, due to the fact that in order to care for new customers, Canada Northern had to purchase power from Ontario Hydro. The cost of this power, plus transmission and distribution, etc., has been greater than the additional revenue. As a result there is a need for reappraisal of the company's position. Last year it lost the Lake Shore Mines contract. It is expected that service to Noranda Mines will be discontinued some time during 1941, as the contract of that company expired nearly three years ago and has been taken over by the Quebec Electricity Syndicate for its power plant presently under construction.

Less Serious Than Indicated

These are two of Canada Northern's major power contracts. Their loss will not be as serious as would appear on the surface. Actually it is possible that the position of the company may improve. Without Lake Shore and Noranda Mines to service, Canada Northern will be able to reduce substantially the amount of its purchased power and thus retain the more profitable business.

Another factor influencing revenues has been the policy of rate reduction. Over the last few years there have been several reductions which have not been entirely offset by the increase in consumption.

Add to this the continued increase in taxation, and the investor has an explanation for the seeming inability of the company to improve its net earnings despite substantial increases in power sales.

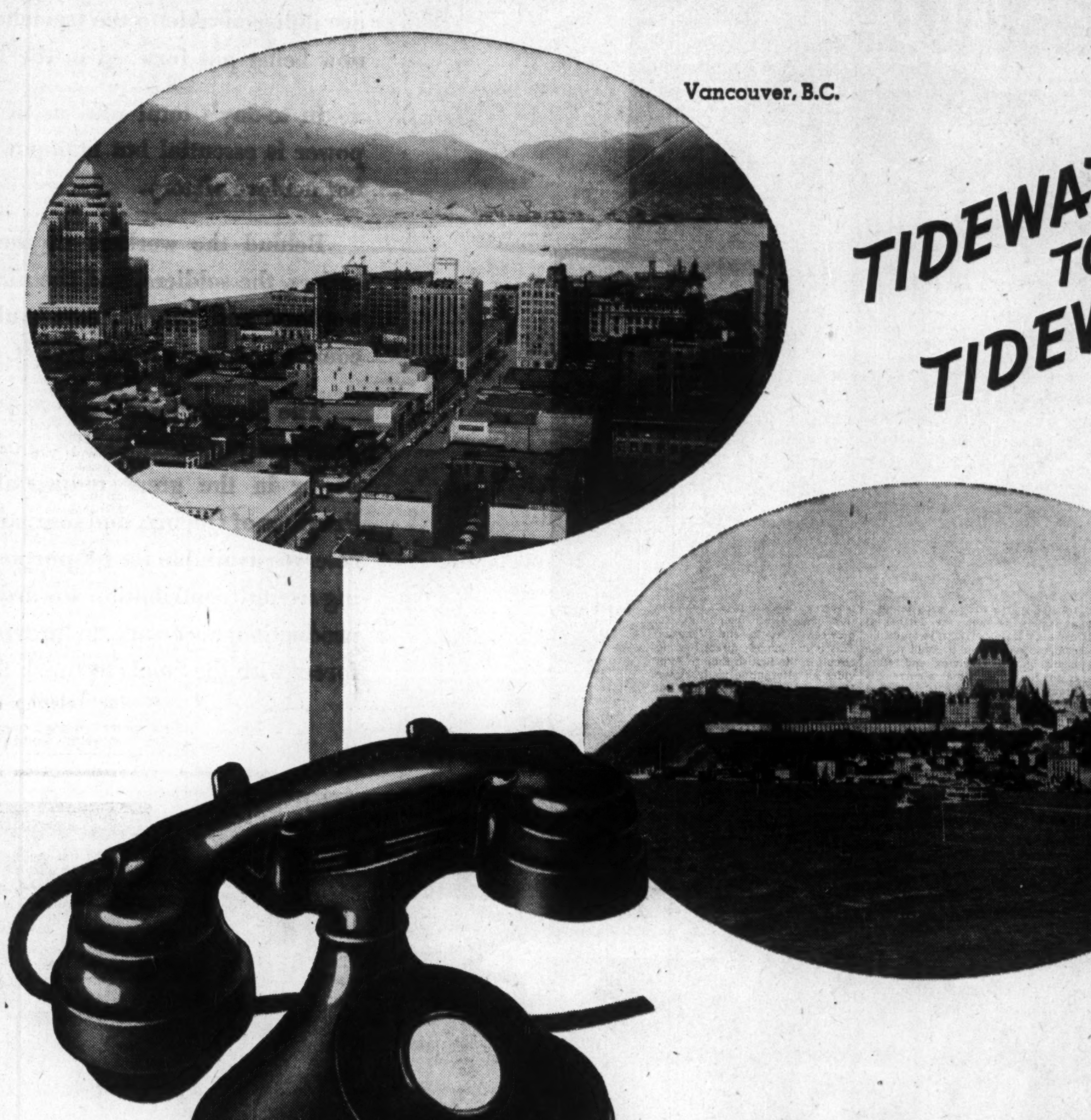
The net earnings position of the company has steadily deteriorated and directors have found it necessary to reduce dividends on the common stock.

Prospects for Future

In time Ontario Hydro may make an effort to acquire the property. Contractual relations already exist between the two systems as to the use of power from Abitibi Canyon. In addition, the two systems compete for business in certain areas of northern Ontario. From Ontario Hydro's point of view Canada Northern would be a valuable outlet for the Abitibi Canyon power. Moreover, it would give the provincially owned system a monopoly of power business in the most important mining area in the province. It is believed Canada Northern would not be averse to making a deal, providing the price was right.

DIAL PHONES INCREASE

Number of telephones on automatic or dial switchboards continues to increase more rapidly than those on manually-operated switchboards. Nearly 97% of the dial telephones in operation are in 51 large cities of the Dominion.



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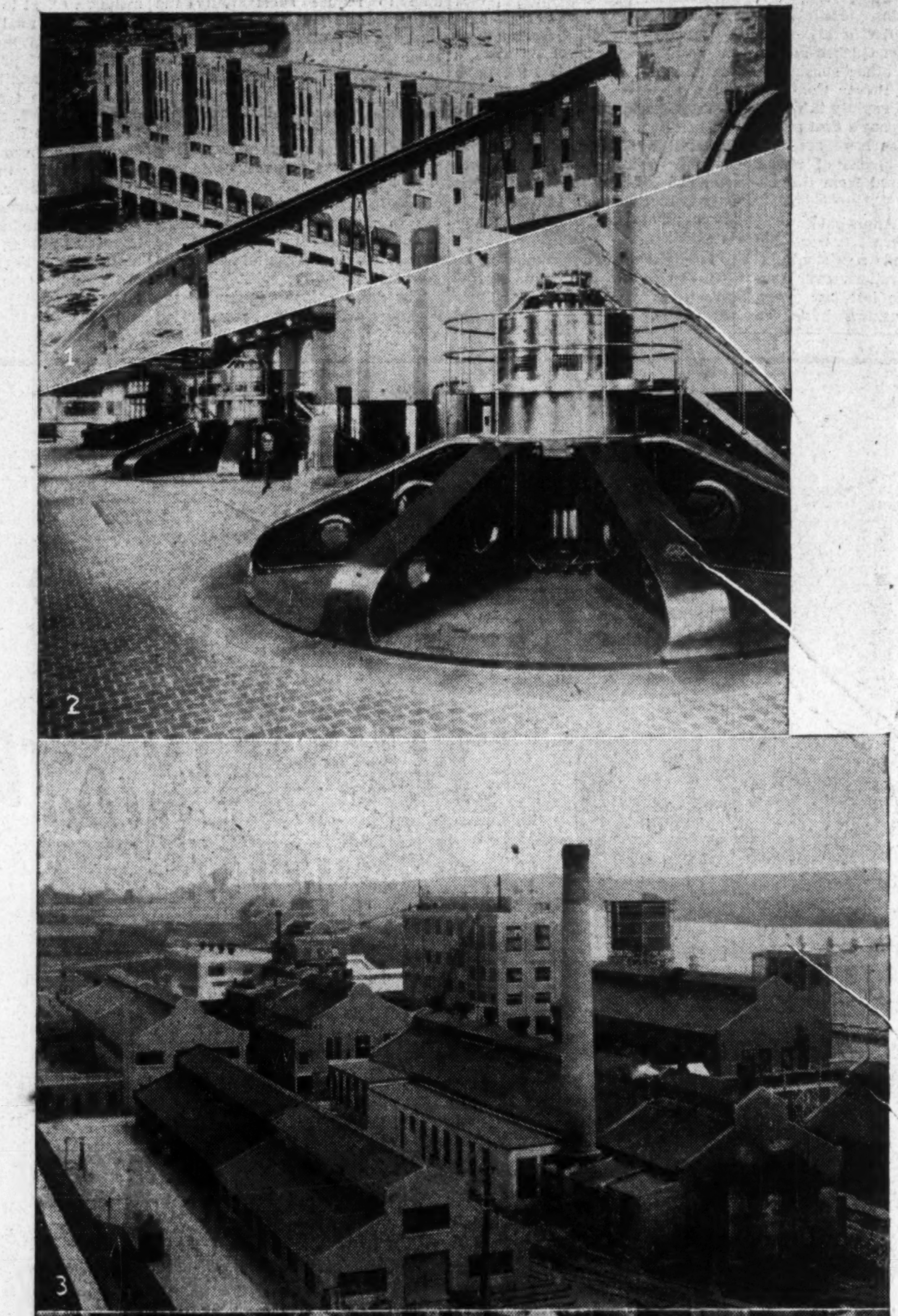

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5. *Forging a gun barrel in a Canadian factory.*
6. *An electric furnace in operation at Shawinigan Falls.*
7. *War weapons, made in Canada.*
8. *Young airmen in training in Canada.*
9. *Sailors on board a Canadian warship.*
10. *Some of Canada's defenders.*

The Shawinigan Water & Power Company

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